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DEPARTMENT OF DEFENSE

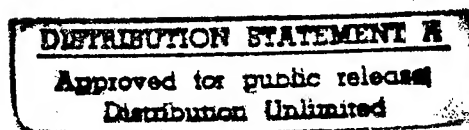
***FINANCIAL MANAGEMENT
REGULATION***

VOLUME 2B

**BUDGET PRESENTATION
AND
FORMULATION**

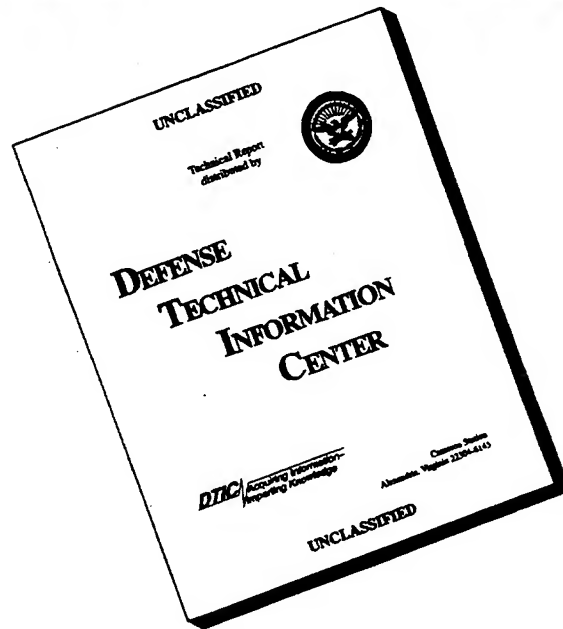
JULY 1996

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**UNDER SECRETARY OF DEFENSE
(COMPTROLLER)**

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CHAPTER 4

PROCUREMENT APPROPRIATIONS

0401 GENERAL

040101 Purpose

This chapter provides instructions applicable to budget formulation and congressional justification for procurement and production activities.

040102 Submission Requirements.

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 4 covers specific back-up material requirements for procurement accounts. The procurement accounts should also submit applicable exhibits required by Chapter 19, Special Analysis.

040103 Major Defense Acquisition Programs

Major Defense Acquisition Program (MDAP) Automated Submission. In order to provide consolidated funding information on DoD's major acquisition programs, automated data submissions are required to provide the approved funding level for each MDAP. These programs include all Acquisition Category (ACAT) ID, ACAT IC, and Pre-MDAP designated programs. For joint programs, the lead service/agency is to coordinate the reporting effort, but each Service and Defense Agency involved in the program is responsible for reporting the portion of the program that it funds. In an annual memorandum (usually published in mid-summer), the USD(A&T) will identify the MDAPs required for submission. Specific data format instructions are also included in Section 040502. These are similar to the automated submissions currently required by the Program Objective Memorandum (POM) Preparation Instructions (PPI) for the POM submission. The required automated submissions should be on 5 1/4 or 3 1/2 inch floppy, high or double density disks and delivered directly to OUSD(A&T), Room 1E474 (POC: Mr. Steve Dratter, telephone (703) 697-8020). The submission should agree with data submitted to the OUSD(Comptroller) for the FYDP and associated annexes. The final submission must agree with the supporting justification material submitted to the Congress.

040104 Guard and Reserve Procurement

Exhibit P-1R, Procurement Program - Reserve Components. A separate P-1R exhibit showing quantities and costs of procurement items planned for the National Guard and Reserve will be prepared with the budget estimate submission and with the President's budget submission. The P-1R exhibit is a subset of the Exhibit P-1, Procurement Program. The format is contained in Section 040502. Each Service will provide exhibits in spreadsheet format in both a hard copy and on a 3 1/2 inch floppy disk. The information submitted in the budget estimate submission will be reviewed in conjunction with the procurement appropriation reviews. The information submitted in the President's budget request will be consolidated into a single P-1R exhibit by OUSD(C).

040105 Multiyear Procurement (MYP)

A. Multiyear Exhibits. All multiyear procurements, regardless of cost, require the use of a present value analysis (MYP-4) to determine lowest cost compared to an annual procurement. Exhibits MYP-1 through MYP-4 will be included for all MYP candidate systems in the budget estimate submission. The President's budget request will include Exhibits MYP-1 through MYP-4 for all multiyear candidate systems for which any of the following is true:

- The anticipated multiyear procurement contract is \$500 million or greater.
- There are economic order quantity (EOQ) procurements in excess of \$20 million in any one year.
- There are economic order quantity (EOQ) procurements in advance of an MYP contract in excess of \$20 million in any one year.
- There will be an unfunded contingent liability in excess of \$20 million in any one year.
- The procurement quantities of a previously approved MYP have been adjusted.

B. Annual guidance detailing Appropriations Act provisions and restrictions on multiyear procurement will be issued separately.

040106 Subsystem Budget Estimates

Any platform that includes funding for subsystems that are designated as Defense Acquisition Executive Summary (DAES) or Selected Acquisition Reporting (SAR) programs must identify the specific subsystem funding by fiscal year and by subsystem on the P-5 exhibits.

040107 References

Chapter 1, Section 0102, provides policies and definitions concerning costs that are to be financed by the procurement appropriations.

0402 PROCUREMENT EXHIBIT REQUIREMENTS

SUMMARY OF EXHIBIT REQUIREMENTS

<u>Exhibit</u>	<u>Appropriation</u>
P-1 Procurement Program	All
P-1C Procurement Program - Comparison Report	All
P-1M Procurement Program- Modification Summary	Aircraft/Missiles
P-1R Procurement Program-Reserve Components	All, except SCN
P-3a Individual Modification Program	All, except SCN
P-5 Cost Analysis	All
P-5a Procurement History and Planning	All
P-5b Analysis of Cost Estimates-Basic/Escalation	SCN
P-10 Advance Procurement Analysis	All, as applicable
P-11 Electronic Warfare (EW) Funding Summary	All, as applicable
P-17 Layaway and/or Distribution	All, as applicable
P-18 Initial and Replenishment Spares Requirements	All, except SCN
P-20 Requirements Study	All, as applicable
P-21 Production Schedule	All
P-21a Production Schedule, All Types	PAA
P-21b Production Schedule by Facility	PAA
P-22 Ammunition Inventory	Ammunition Accounts
P-23 Time Phased Requirements Schedule	All, as applicable
P-23a Installations Data	All, as applicable
P-25 Production Support & Industrial Facilities Cost Analysis	All, as applicable
P-26 Maintenance of Inactive Facilities	PAA & as applicable
P-27 SCN Ship Production Schedule	SCN
P-29 SCN Outfitting Costs	SCN
P-29a SCN Outfitting Costs-Comparison	SCN
P-30 SCN Post Delivery Costs	SCN
P-30a SCN Post Delivery Costs-Comparison	SCN
P-32 Procurement Purchases from DBOF	All
P-35 Major Ship Component Fact Sheet	SCN
P-36 Depot Level Ship Maintenance Schedule	OPN
P-40 Budget Item Justification Sheet	All
P-40a Budget Item Justification for Aggregated Items	All
P-43 Simulator and Training Device Justification	All
P-45 Summary of Reimbursables	All, as applicable
MYP-1 Multiyear Procurement Criteria	All, as applicable
MYP-2 Total Program Funding Plan	All, as applicable
MYP-3 Contract Funding Plan	All, as applicable
MYP-4 Present Value Analysis	All, as applicable
PB-32B Comparison of FY 19CY Program Requirements	All
MDAP Program Element to Proc Line Items Cross-Track Data	All (Automated Submission)

0403 BUDGET ESTIMATE SUBMISSION

A. This Section provides guidance for the preparation of material to support the budget estimate submission and President's budget request. Information contained in the budget requests should be unclassified. Where classified information is required in order to explain the program, the classified material will be provided under separate cover and appropriately marked.

B. All applicable budget exhibits will be prepared for those programs with a funding value of \$1 million or greater. For programs with a funding value less than \$1 million, only the P-40, P-40a, and P-20 exhibits are required.

C. Each backup book will include an Exhibit P-1, Procurement Program, and specific exhibits for those items covered by the backup book

D. Each Component will provide 3 copies of a computer run that compares the current budget estimates submission to the previous President's budget submission and identifies the changes for each Procurement appropriation by P-1 line item and for those items that are aggregated in a P-1 line item (such as "Items Less than \$2.0 Million"). The report should also identify appropriation and budget activity totals for each fiscal year for the PY through BY2+4 timeframe. The totals for the appropriation and budget activities should also compare the current budget estimates submission to the previous President's budget and provide the applicable changes. The Components will also provide this same information in an Excel or Lotus 123 spreadsheet on a 5 1/4 or 3 1/2 inch floppy, high or double density diskette. The diskette should be labeled with the appropriation being submitted, Component name, file name, classification, and the name of a point of contact along with a telephone number. These reports and spreadsheets must match the hard copy justification material being submitted to the Congress. It is preferred that these reports and diskettes be unclassified. If it is necessary to submit classified data, then it should be submitted in a separate report and on a separate file. The unclassified report must match the total for the appropriation/account being submitted. These comparison reports and diskettes should be provided directly to OUSD(C), Director for Investment, Room 4B915, when the Component has finalized the current President's budget submission but no later than when the justification material receives final approval from the OUSD(C) for submission to the Congress. This report will not be

included in the justification material provided to the Congress.

E. All Exhibit P-20, Requirements Study, will be submitted in a separate backup book. The P-20 exhibits can be consolidated by appropriation or as a single back-up book by each Service. If consolidated by Service, however, increase the number of copies provided to OUSD(C) P/B Investment by the number of appropriations included in the backup book.

F. Include a listing of acronyms and definitions in the front of each back-up book to preclude spelling the acronyms on each exhibit page.

G. All pages will be annotated with the applicable P-1 line item number (1-1, 1-2, 1-3, 2-1, 2-2, 2-3, etc.) in the center of the page, and all pages of the backup books must be numbered (from 1 to the last page of the book) at the bottom right of each exhibit page.

H. Exhibits will display the actual fiscal years for PY-1, PY, CY, BY1, BY2, BY2+1, BY2+2, BY2+3, and BY2+4 rather than the template entries (i.e., FY 1995, FY 1996, FY 1997, FY 1998, etc.).

I. The exhibits will be aggregated in the following order for each P-1 line item, as applicable to that line item and submitted in P-1 line item order.

Arrangement of Exhibits - General

P-1	Procurement Program
PB-32B	Comparison of FY 19CY Program Rqmts
P-40	Budget Item Justification
P-40a	Budget Item Just for Aggregated Items
P-10	Advance Procurement Analysis
P-5	Cost Analysis
P-5a	Procurement History and Planning
P-43	Simulator and Training Device Justification
P-21	Production Schedule
P-23	Time Phased Requirements Schedule
P-23a	Installations Data
P-36	Depot Level Ship Maintenance Schedule (OPN only)
P-25	Production Support and Industrial Facilities Cost Analysis
P-17	Layaway and/or Distribution
P-18	Initial and Replenishment Spares Rqmts

- P-32 *Procurement Purchases from DBOF*
- P-45 *Summary of Reimbursables*
- MYP 1-4 *Multiyear Procurement Analysis*
- P-20 *Requirements Study*

Arrangement of Exhibits for Modifications

- P-1 *Procurement Program*
- P-1M *Modification Summary*
- P-40 *Budget Item Justification*
- P-3a *Individual Modification Program*
- P-40a *Budget Item Just for Aggregated Items*
- MYP 1-4 *Multiyear Procurement Analysis*
- P-18 *Initial and Replenishment Spares Rqmts*
- P-32 *Procurement Purchases from DBOF*

Arrangement for Ship Procurement Accounts

- P-1 *Procurement Program*
- PB-32B *Comparison of FY 19CY Program Rqmts*
- P-40 *Budget Item Justification*
- P-10 *Advance Procurement Analysis*
- P-5 *Cost Analysis*
- P-5b *Analysis of Cost Estimate-Basic/Escalation*
- P-43 *Simulator and Training Device Justification*
- P-27 *Ship Production Schedule*
- P-29 *Outfitting Costs*
- P-30 *Post Delivery Estimates*
- P-35 *Major Ship Component Fact Sheet*
- P-45 *Summary of Reimbursables*
- P-32 *Procurement Purchases from DBOF*
- MYP 1-4 *Multiyear Procurement Analysis*
- P-20 *Requirements Study*

Arrangement for Ammunition Accounts

- P-1 *Procurement Program*
- PB-32B *Comparison of FY 19CY Program Rqmts*
- P-40 *Budget Item Justification*
- P-40a *Budget Item Just for Aggregated Items*
- P-5 *Cost Analysis*
- P-5a *Procurement History and Planning*
- P-21 *Production Schedule*
- P-21a *Production Schedule, All types*
- P-21b *Production Schedule by Facility*
- MYP 1-4 *Multiyear Procurement Analysis*
- P-25 *Production Support and Industrial Facilities Cost Analysis*
- P-17 *Layaway and/or Distribution*
- P-26 *Maintenance of Inactive Facilities*
- P-22 *Ammunition Inventory*
- P-18 *Initial and Replenishment Spares Rqmts*
- P-32 *Procurement Purchases from DBOF*

For "Items Under \$2 Million" P-1 line items, only the P-40 and P-40a, showing both quantity and funding for each item, will be included in the backup book. An Exhibit P-20, Requirements Study, will be included in the P-20 backup book for all items included on the P-40 and P-40a exhibits. Delivery schedules and contract data should be available upon request. Even though individual P-21 exhibits are not required for these items, their deliveries should be included in the P-21a and P-21b exhibits. The Exhibit P-22, Ammunition Inventory, is not required for the President's budget request.

Chemical Agents and Munitions Destruction

The Chemical Agents and Munitions Destruction, Defense appropriation contains multiple types of funds (RDT&E, procurement, and O&M) in separate budget activities. While the RDT&E and O&M efforts may be incrementally funded, the procurement program must comply with the full funding policy. The Army is to provide the justification book in accordance with the following.

- Table of Contents
- Appropriation Language
- Program and Financing
- Object Classification
- Appropriation Justification
- Part I Purpose and Scope
- Part II Justification of Funds Required
- Part III Program Description and Milestone Chart

Budget Activity 1: Research and Development

- Part I Purpose and Scope
- Part II Justification of Funds Required
- Part III Financial Summary
- RDT&E RDT&E Exhibits (See Chapter 5)

Budget Activity 2: Procurement

- Part I Purpose and Scope
- Part II Justification of Funds Required
- Part III Financial Summary
- P-40 Budget Item Justification
- P-5 Cost Analysis
- P-5a Procurement History & Planning

Budget Activity 3: Operation and Maintenance

- Part I Purpose and Scope
- Part II Justification of Funds Required
- Part III Financial Summary

- OP-5 (Pt 1) Decision Unit/Budget Activity Summary (See Chapter 3)
- OP-5 (Pt 2) Activity Group Detail, Including a Reconciliation of Increases and Decreases (See Chapter 3)
- OP-32 Summary of Price and Program Changes (See Chapter 3)

C. Preparation of Material. Formats and examples of the exhibits are contained in Section 0404. Except for the items listed below, instructions are included either on the exhibit or following the exhibit.

1. Repricing Report. One copy of the "Ship Cost Adjustment Report" must be submitted by 1 July. The report must include the following information:

a. A comparison of the previously approved SCA position to the recommended SCA position, by ship type (end cost/subhead) by P-5 category. In addition to individual program adjustments, this comparison should be summarized by total TOA adjustments in each fiscal year.

b. The SCA position by ship type by P-5 category with associated accounting data, i.e., gross obligations and expenditures.

c. A listing of all transfers, both below threshold and those requiring congressional approval (DD 1415s) for the current and expired years.

d. All adjustments within a cost growth or escalation line by ship program.

e. Latest delivery date information and percentage of physical completion of all undelivered ships.

f. Amount of required extended obligational authority for the expiring program year by line item and the associated Obligation Work Limiting Date by ship hull.

g. A list of all major shore spares and characteristic changes, and associated costs, included in the SCA.

h. A report on basic construction costs estimated at completion (EAC)

by individual contract for all ships still within the SCN envelope. This report should compare the current contract status to the Navy's SCA projection as well as the contractor's estimate. This report should be submitted on July 1 and quarterly thereafter.

2. A 4-column ship list and Derivation of Cost Growth/Escalation exhibit will be provided with each budget submission.

3. One copy of the Navy's "Status of the Navy Shipbuilding and Conversion Program," will be submitted monthly.

4. For each ship basic construction award during the current program period, contract award information referred to as the "Stevens Report" must be submitted to OSD at the same time the report is forwarded to Congress.

0404 CONGRESSIONAL
JUSTIFICATION/PRESENTATION

040401 Purpose

This Section presents the backup book organization and the exhibit requirements for submission to Congress. Examples of budget exhibits can be found in Section 040502. See *Chapter 1, Section 0104 for specific printing requirements*

040402 Organization of Justification Books

Justification material will be organized into a Committee Staff Procurement Backup Book. A detailed description follows.

**COMMITTEE STAFF PROCUREMENT
BACKUP BOOK**

P-1 Exhibits will be prepared using the OUSD(C) automated system with input from the Services and Defense Agencies.

Section 010403 provides a detailed distribution schedule for the procurement backup books.

A separate congressional committee backup book will be prepared for the President's budget request for each procurement appropriation. These books should be labeled as follows:

Committee Staff Procurement Backup Book
FY 19BY1/BY2 Budget Request
_____ Appropriation

This volume will contain as a minimum, the following material:

Section 1 - Summary Material
Table of Contents
P-1 listing

Section 2 - Budget Appendix Extract
Language

Section 3 - Comparison of Program Requirements and Financing. This section will include the following 4 schedules as illustrated in Exhibit PB-32B, Comparison of FY 19CY Program Requirements (Section 0405).

- Comparison of FY 19CY Program Requirements as reflected in FY 19CY Budget with FY 19CY Program Requirements as shown in FY 19BY Budget.
- Comparison of FY 19CY Financing as reflected in FY 19CY Budget with FY 19CY Financing as shown in FY 19BY Budget.
- Comparison of FY 19PY Program Requirements as reflected in FY 19CY Budget with FY 19PY Program Requirements as shown in FY 19BY Budget.
- Comparison of FY 19PY Financing as reflected in FY 19CY Budget with FY 19PY Financing as shown in FY 19BY Budget.

Section 4 - Status of Completion of Prior Year Shipbuilding Program (if applicable). Provide a list of uncompleted ships as of 31 Dec PY. The first column should segregate the uncompleted ships by prior years, past years, and current year. The second and subsequent columns should identify the fiscal year in which the ships are to be completed.

Section 5 - P-1 Line Item Detail. Except for specific changes addressed below, these books will contain the budget exhibits as specified in Section 040502, for all procurement line items for which a budget request of \$1 million or greater is reflected in either of the two biennial budget years on the P-1 exhibit. *For programs with a funding value less than \$1 million, only the P-40, P-40a, and P-20 exhibits are required.* For current and past year programs, exhibits will be prepared for programs with a dollar value of \$5 million or more in either year.

Section 6 - Military Construction. This section will be prepared for military construction projects funded in the procurement appropriations.

040403 Classification

The budget justification material should be unclassified. All classified material should be submitted separately.

040404 Comparison Reports

A. Each Component will provide 3 copies of a computer run that compares the current

President's budget submission to the previous President's budget submission and identifies the changes for each Procurement appropriation by P-1 line item and for those items that are aggregated in a P-1 line item (such as "Items Less than \$2.0 Million). The report should also identify appropriation and budget activity totals for each fiscal year for the PY through BY2+4 timeframe. The totals for the appropriation and budget activities should also compare the current President's budget submission to the previous President's budget and provide the applicable changes. The Components will also provide this same information in an Excel or Lotus 123 spreadsheet on a 5 1/4 or 3 1/2 inch floppy, high or double density diskette. The diskette should be labeled with the appropriation being submitted, Component name, file name, classification, and the name of a point of contact along with a telephone number. These reports and spreadsheets must match the hard copy justification material being submitted to the Congress. It is preferred that these reports and diskettes be unclassified. If it is necessary to submit classified data, then it should be submitted in a separate report and on a separate file. The unclassified report must match the total for the appropriation/account being submitted.

B. These comparison reports and diskettes should be provided directly to OUSD(C), Director for Investment, Room 4B915, when the Component has finalized the current President's budget submission but no later than when the justification material receives final approval from the OUSD(C) for submission to the Congress. This report will not be included in the justification material provided to the Congress.

0405 PROCUREMENT APPROPRIATION
SUBMISSION FORMATS

040501 Purpose.

A. The formats provided on the following pages reflect guidance presented in previous sections of this chapter.

B. Budget exhibits contained in this section will be prepared for all procurement line items for which a budget request of \$1 million or greater is reflected in either of the two biennial budget years on the P-1 exhibit. For programs with a funding value less than \$1 million, only the P-40, P-40a, and P-20 exhibits are required.

C. Service-generated and Defense Agency-generated exhibits can be used in lieu of the following exhibits as long as they include all the information required by the following exhibits.

D. All formats will be prepared on 8 1/2 inch by 11 inch paper in landscape format.

E. Except for paragraph C above and unless modified in a submission budget call, these exhibits should be adhered to.

040502 Exhibits in Support of Section 0401 - General

P-1 Procurement Program.....	11
P-1M Procurement Program - Modification Summary.....	12
P-1R Procurement Program- Reserve Components.....	13
P-1C Procurement Program - Comparison Report.....	16
P-3a Individual Modification.....	17
P-5 Cost Analysis.....	21
P-5a Procurement History and Planning.....	29
P-5b Analysis of Ship Cost Estimate - Basic/Escalation.....	33
P-10 Advance Procurement Requirements Analysis.....	34
P-11 Electronic Warfare Funding Summary.....	42
P-17 Layaway and/or Distribution.....	44
P-18 Initial and Replenishment Spares and Repair Parts Justification.....	46
P-20 Requirements Study.....	48
P-21 Production Schedule.....	51
P-21a Production Schedule, All Types.....	53
P-21b Production Schedule by Facility.....	53
P-22 Ammunition Inventory.....	54
P-23 Time Phased Requirements Schedule.....	56
P-23a Installation Data.....	57
P-25 Production Support and Industrial Facilities Cost Analysis.....	60
P-26 Maintenance of Inactive Facilities.....	62
P-27 SCN - Ship Production Schedule.....	64
P-29 SCN Outfitting Costs.....	65
P-29a SCN Outfitting Costs-Comparison.....	66
P-30 SCN Post Delivery Costs.....	67
P-30a SCN Post Delivery Costs-Comparison.....	68
P-32 Procurement Purchases from DBOF.....	69
P-35 Major Ship Component Fact Sheet.....	72
P-36 Depot Level Ship Maintenance Schedule.....	74
P-40 Budget Item Justification.....	75
P-40a Budget Item Justification for Aggregated Items.....	79
P-43 Simulator & Training Device Justification.....	81
P-45 Summary of Reimbursables.....	83
MYP-1 Multiyear Procurement Criteria.....	86
MYP-2 Total Program Funding Plan.....	89
MYP-3 Contract Funding Plan.....	90
MYP-4 Present Value Analysis.....	91
PB-32B Comparison of FY 19CY Program Requirements.....	92
MDAP Program Elements to Procurement Line Items Cross-Track Data.....	93

Exhibit P-1, Procurement Program

Department of the _____

Date: _____

Appropriation: _____

Budget Activity: _____

P-1 Line Item No	Item Nomenclature	Ident Code	Unit Cost	TOA, \$ in Millions				Budget Year 1		Budget Year 2	
				Past Year Qty	Past Year Cost	Current Year Qty	Current Year Cost	Budget Year 1 Qty	Budget Year 1 Cost	Budget Year 2 Qty	Budget Year 2 Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

Exhibit P-1, Procurement Program

(Exhibit P-1, page 1 of 6)

Exhibit P-1M, Procurement Programs - Modification Summary
(TOA, Dollars in Millions)

<u>System/ Modification</u>	<u>Prior Years</u>	<u>PY-1</u>	<u>PY</u>	<u>CY</u>	<u>BY</u>	<u>BY1</u>	<u>BY2</u>	<u>BY2+1</u>	<u>BY2+2</u>	<u>BY2+3</u>	<u>BY2+4</u>	<u>To Complete</u>	<u>Total Program</u>
EXAMPLE:													
<u>A-10 Modifications</u>													
AIM-9L Capability							2.3	16.6	9.1				28.0
Chem/Bio Protection							-	-	2.0	3.3			5.3
Outer Wing Fatigue Reskin							0.6	2.5	2.8	2.9			8.8
Integrated Drive Generator								-	1.2	4.8	5.3		11.3
ALE-40 Correction of Def							2.7	3.7	4.2				10.6
Engine Monitoring Sys							32.7	26.5	26.8	29.2			115.2
Skin & Lgnm Strengthening							-	-	0.6	1.7			2.3
Total for A-10							35.6	48.3	46.1	46.1	5.3		181.4
<u>R/F-4 Modifications</u>													
AIM-9L Capability							2.3	16.6	9.1				28.0
Chem/Bio Protection							-	2.0	3.3				5.3
Total for R/F-4							2.3	18.6	12.4				33.3

Exhibit P-1M, Procurement Program - Modification Summary

(Exhibit P-1, page 2 of 6)

Exhibit P-1R Procurement Program - Reserve Components

Department of the _____

Date: _____

Appropriation: _____

Budget Activity: _____

P-1 Line Item No	Item Nomenclature	Ident Code	Unit Cost	TOA, \$ in Millions							
				Past Year		Current Year		Budget Year 1		Budget Year 2	
				Qty	Cost	Qty	Cost	Qty	Cost	Qty	Cost
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	F-16 Modifications										
	National Guard										
	Reserve										

Exhibit P-1R, Procurement Program- Reserve Components

(Exhibit P-1, page 3 of 6)

Instructions
Exhibit P-1, Procurement Program
Exhibit P-1C, Procurement Program - Comparison
Exhibit P-1M, Procurement Program - Modification Summary
Exhibit P-1R, Procurement Program - Reserve Components

I. General

A. A summary by budget project/activity will be prepared for each appropriation, showing the amount for each project/activity and the total program for each appropriation. The detail of the consolidated line items in this entry should be available upon request. There should be no consolidation into a Less than \$2,000,000 line item for any line item requiring specific quantity authorization and for any Code B item.

B. Unless otherwise prescribed for a specific commodity area, only procurement line items with a value of \$2,000,000 or more will be listed individually. An item should be separately listed if the procurement of more than \$2,000,000 is included in any past, current or budget year. Line items less than \$2,000,000 should be consolidated into a single line item entry, "Items less than \$2,000,000 each," under each budget activity or project.

C. *Advance Procurement.* Advance procurement should be debited and credited according to the leadtimes of the advance procurement. For instance, if FY 1996 and FY 1997 advance procurement funds are required for an FY 1998 procurement, the FY 1996 AP funds would be debited in FY 1996, the FY 1997 AP funds would be debited in FY 1997, and the total of the FY 1996 and FY 1997 AP funds would be credited in FY 1998.

Advance Procurement

<u>FY TOA</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
FY 1996 for FY 1998 (memo)	0.4				
FY 1997 for FY 1998 (memo)		0.4			
FY 1997 for FY 1999 (memo)		0.4			
FY 1998 (memo)			-0.8		
FY 1998 for FY 1999 (memo)			0.4		
FY 1998 for FY 2000 (memo)			0.4		
FY 1999 (memo)				-0.8	
FY 1999 for FY 2000 (memo)				0.4	
FY 1999 for FY 2001 (memo)				0.4	

D. List each aircraft and missile type and model separately, for both new procurement and modifications. Each ship type, Outfitting, Post Delivery, Cost Growth, Escalation, Service Craft, and Landing Craft will be listed as separate line items.

E. Include initial and replenishment spares financed in procurement appropriations in a single line item. Indicate the amounts included for initial and replenishment spares separately as subentries. For this purpose, all spare aircraft engines shall be considered initial spares.

F. All line items will be double spaced.

G. Costs will be expressed in millions of dollars using one decimal place, i.e., \$15.6 million.

(Exhibit P-1, page 4 of 6)

Exhibit P-1 Instructions (Continued)

H. List the following Support Equipment and Facilities as separate line items:

- Common Ground Equipment
- Industrial Facilities
- War Consumables
- Other Production Charges
- Classified Projects
- Production Base Support
- Space Programs (list separately)
- Astronautics

I. Specific instructions.

Appropriation. Include the title and number of the appropriation, i.e., 2034A, Procurement of Ammunition, Army.

Budget Activity. Include the number and title of the budget activity, i.e., Budget Activity 04, Spare and Repair Parts.

Column 1: Include the P-1 line item number.

Column 2: Item Nomenclature. Identify the name of the program.

Column 3: Identification Code. Individual line items will be classified according to the codes described below. The letter "A" or "B" will be entered in this column for every line item listed. Line items will be appropriately coded according to the status of the item at the time the exhibit is prepared as follows:

Code "A". Line items of material that have been approved for Service use.

Army. The term "approved for service use" means that an item has been "type-classified as adopted type" (Standard) and excludes Limited Production type that is included in the development category.

Navy. The term "approved for service use" means that the item has been approved for full production.

Air Force. The term "approved for service use" means that the item has been classified as standard, or alternate standard

Code "B". Line items or material that have not been approved for Service use.

Column 4: Unit Cost. *This is a computer-calculated number, using the quantity code, the quantity, and total cost of the P-1 line item. Ensure the appropriate quantity code is included so that the unit cost will be accurately calculated. See Section 010502, paragraph F.8.c. for further clarification.*

Columns 5-12: Self-explanatory.

(Exhibit P-1, page 5 of 6)

Exhibit P-1 Instructions (Continued)

Exhibit P-1C, Procurement Program - Comparison Report

In addition to the instructions for the P-1, the P-1C Comparison Report will provide a comparison between the last President's budget request and the budget estimate submission (BES) for the BES and between the last President's budget (PB) request and the current PB request for the PB. The comparison should be performed at the lowest level (by Procurement line item and by line items included in an aggregated line item) and should include quantities. Subtotals, by P-1 line item, by budget activity, by appropriation, and by quantity are also required. This exhibit will not be included in the justification material submitted to the Congress, but will be provided separately to OUSD(C).

Exhibit P-1C, Procurement Program - Comparison Report

Exhibit P-1M, Procurement Program - Modification Summary

This exhibit will be prepared for all years reflected on the sample P-1m exhibit and will represent a summary by weapon system of all individual modifications that are requested for that weapon system in the Prior Years, Past Year-1 (PY-1), PY, CY, Budget Year 1 (BY1), BY2, all FYDP years, To Complete, and Total.

Show the total procurement cost in tenths of millions for each individual modification and total cost for that weapon system or family of models of that weapon system. For example, all models of the F-4 aircraft would be included in the F-4 line (e.g. RF-4B, F-4B, F-4E, F-4G etc. and all models of the AIM-7 missile would be included in the AIM-7 line (e.g. AIM-7E, AIM-7F, AIM-7M, etc.). Total modification cost will include only those costs budgeted in the individual P-1 line item, including installation costs.

Exhibit P-1R, Procurement Program - Reserve Components

In addition to the instructions for the P-1, Procurement Program, the P-1R line item entries will be exactly the same line item entries as the P-1. The Exhibit P-1R line items will include 2 sub-line items. One is for the National Guard and one is for the Reserve. Subtotal of the two lines is not required, but the total for the Reserve Components cannot exceed the amount of funding included in the P-1 line item. All procurement line items having funding for National Guard and Reserve requirements, including advance procurement, ammunition, and spares and repair parts, will be included in the P-1R exhibit.

(Exhibit P-1, page 6 of 6)

Exhibit P-3a, Individual Modification

MODELS OF SYSTEMS AFFECTED: _____ TYPE MODIFICATION: _____ MODIFICATION TITLE: _____

DESCRIPTION/JUSTIFICATION:

DEVELOPMENT STATUS/MAJOR DEVELOPMENT MILESTONES:

FINANCIAL PLAN: (TOA, \$ in Millions)

	Prior Yrs		PY-1		PY		CY		BY1		BY2		BY2+1		BY2+2		BY2+3		BY2+4		IC		Total	
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$
RDT&E																								
PROC																								
Inst Kit NR			25	2.0	10	1.0	15	1.5	15	1.5	25	2.0	25	2.0	25	2.0	25	2.0	90	7.5			255	21.5
A Kit			25	2.0	10	1.0	15	1.5	15	1.5	25	2.0	25	2.0	25	2.0	25	2.0	90	7.5			255	21.5
Comp A			25	2.5	10	1.0	15	1.5	15	1.5	25	2.5	25	2.5	25	2.5	25	2.5	90	9.0			255	25.5
Comp B			50	1.0	20	0.4	30	0.6	30	0.6	50	1.0	50	1.0	50	1.0	50	1.0	180	3.6			510	10.2
Comp C			75	3.6	30	1.5	45	2.2	45	2.2	45	2.2	45	2.2	45	2.2	45	2.2	270	13.0			765	36.7
Eqpt NR																								
Eqpt																								
Eqpt A																								
Eqpt B																								
ECOs																								
Data																								
Training																								
Eq																								
SE																								
Other																								
Other																								
Other																								
ICS																								
Install Cost					25	.3	10	.1	15	.2	15	.2	25	.3	25	.3	25	.3	115	1.5			255	3.2
Total Proc																								

P-1 Shopping List - Item No 20-X

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Exhibit P-3a, Individual Modification
(Exhibit P-3a, page 1 of 4)

Exhibit P-3a, Individual Modification (Continued)

MODELS OF SYSTEMS AFFECTED: _____ MODIFICATION TITLE: _____

INSTALLATION INFORMATION:

METHOD OF IMPLEMENTATION: _____

ADMINISTRATIVE LEADTIME: _____ Months

PRODUCTION LEADTIME: _____ Months

CONTRACT DATES: Current Year: _____

Budget Year 1: _____ Budget Year 2

DELIVERY DATE: Current Year: _____

Budget Year 1: _____ Budget Year 2

(\$ in Millions)

Cost:	Prior Yrs	PY-1	PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4	TC	Total
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$		Qty
(PY-25 kits)			15	0.2	10	0.1						
(FY(CY) 10 kits)					10	0.2						
(FY(BY1) - 15 kits)						10	0.2	5	0.1			
(FY(BY2) - 15 kits)							5	0.1	10	0.2		
(FY(BY2+1) - 25 kits)								10	0.2	15	0.3	
etc.												
			15	0.2	10	0.1	10	0.2	20	0.4	15	0.3

Installation Schedule

PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3 etc.	TC	Total
1	2	3	4	1	2	3	4	
In								
Out								

P-1 Shopping List - Item No 20-X

Page No xxx

Exhibit P-3a, Individual Modification
(Exhibit P-3a, page 2 of 4)

Instructions - Exhibit P-3a, Individual Modification

This exhibit will be prepared for all individual modification programs and any other program requiring installation funds. Use more than one page if necessary. *Do not group ECPs together as one modification unless the installation schedules are the same (i.e., a separate P-3a exhibit is required for these ECPs).*

The sample exhibit displays additional line items for equipment and group A installation kits. Tailor line item entries to the modification. Use additional lines when quantities for these components differ from the quantity of end items being procured or when a unit cost comparison between years cannot be performed.

Model. Enter the model and series designation (i.e. A-10, AGM-86, F/A-18, etc.).

Classification. Enter the modification classification or type, i.e., PS safety, reliability, etc., as applicable.

Modification No. And Title: Enter the modification number and title assigned.

Description/Justification: Provide a description of what additional capability is added to the system by this modification, and why the modification is necessary to increase availability and maintainability or mission capability. Where the modification is related to reliability and maintainability, indicate the current Mean-Time Between Failure (MTBF) rate of the system, what MTBF will be specified in the development/production contract, and the estimated annual savings. Do not use abbreviations or acronyms of a highly technical nature. Spell the acronyms the first time and abbreviate thereafter.

Development Status/Major Development Milestones: Provide status of engineering effort testing and data package availability as of the budget submission date. Provide significant accomplished and planned milestone dates such as Preliminary Design Review (PDR), Critical Design Review (CDR), completion of Contractor Test and Evaluation (CTE), completion of Development Test and Evaluation (DTE), completion of Initial Operational Test and Evaluation (IOT&E), etc.

Financial Plan:

Note: Prior year column includes all funding from beginning of program through the Past Year -2 (PY-2). Quantities and costs should be provided for all applicable line items. PY-1, PY, and CY are the fiscal years currently available for obligation.

RDT&E: Enter programmed RDT&E resources by fiscal year. These resources should be consistent with the Program Element Summary Data Sheets for RDT&E programs.

Procurement: Enter the recurring and nonrecurring cost of the installation kits. Installation kits (or Group A kits) are the provisions (cables, brackets, interface devices) necessary to prepare the system to accept the new equipment. Enter the recurring and nonrecurring cost of the equipment (or Group B kits) to be installed (radar, ECM, engine etc.). Enter the amount of all funding for Engineering Change Orders (ECOs), data, training equipment, support equipment, interim contractor support and installation costs. *Do not use an asterisk to indicate that the quantity cannot be shown because a mix of end items with different procurement quantities is being procured. Rather, identify each item and associated quantity being procured on separate line item entries. Use as many line items as necessary to show this data. Tailor the line item entries to the modification content.*

(Exhibit P-3a, page 3 of 4)

Exhibit P-3a Instructions (Continued)

Installation. The installation costs should be portrayed in the year of actual installation so that the total cost of the installation is portrayed for each year's procurement of end items. Procurement quantities and installation quantities reflected in the procurement detail should equal the quantity displayed in the installation schedule.

Method Of Implementation: Indicate how installation will be accomplished (Contractor, Depot field team, Depot modification line, etc.).

Contract Date: Enter the actual/estimated contract date (month/year, not quarter) for the item with the longest leadtime.

Production Delivery Date: Enter the actual/estimated production delivery dates (month/year, not quarter) for the initial item of installed equipment for the current year, budget year 1 (BY1), and BY2.

Installation Schedule: For all years of the program, show system inductions and modification completions by quarter. An installation schedule is required for all programs requiring installation funds. The schedule will include completed inductions for PYs, as well as planned inductions for all uninstalled equipment for CY, BY1, BY2, BY2+1, BY2+2, BY2+3, BY2+4, To Complete and Total Program. Input and output must equal each other, as well as equal the total quantity of kits procured. *If there is more than one installation schedule, the program should be separated into individual P-3a exhibits. For ongoing programs, identify the separate program using alpha or alpha-numeric suffixes to the current modification number. Include separate installation schedules for those items that have more than one method of implementation.*

The P-3a should be readable after reproducing in a reduction mode. Use more than one page when necessary.

Delete all references and funding for those ECPs that were completed in prior years and for which no current or future year funding is required.

(Exhibit P-3a, page 4 of 4)

Exhibit P-5 Cost Analysis (Page 1)			Weapon System-				Date:						
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number							ID Code	P-1 Line Item Nomenclature					
WBS COST ELEMENTS (Tailor to System/Item Rqmts)	ID Code	PYs Total Cost	PY-1 Unit Cost	PY-1 Total Cost	PY Unit Cost	PY Total Cost	CY Unit Cost	CY Total Cost	BY1 Unit Cost	BY1 Total Cost	BY2 Unit Cost	BY2 Total Cost	
Quantity													
Airframes/CFE													
Engine/Accessories													
CFE Avionics													
GFE Avionics													
Armament													
ECO (Flyaway)													
Nonrecurring Costs													
Tooling													
Software Costs													
Other Costs													
Subtotal Flyaway													
Airframe PGSE													
Engine PGSE													
Avionics PGSE													
Peculiar Training Eqpt													
Publications/Tech Data													
ECO (Support Items)													
Other													
Subtotal Support Costs													
Gross-P-1 End Item Cost													
Less PY Adv Proc (by PY FY)													
Net P-1 Full Funding Cost													
Plus CY Adv Proc.													
Other Non-P-1 Costs													
Initial Spares													
Mods													
Total													

P-1 Shopping List - Item No 20-X

Page No xxx

Exhibit P-5, Cost Analysis
(Exhibit P-5, page 1 of 8)

Exhibit P-5 Cost Analysis (Page 2)				Weapon System		Date:				
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number				ID Code	P-1 Line Item Nomenclature					
WBS COST ELEMENTS (Tailor to Sys/Item Rqmts)	BY2+1 Unit Cost	BY2+1 Total Cost	BY2+2 Unit Cost	BY2+2 Total Cost	BY2+3 Unit Cost	BY2+3 Total Cost	BY2+4 Unit Cost	BY2+4 Total Cost	To Complete Costs	Total Costs
Quantity										
Airframes/CFE										
Engine/Accessories										
CFE Avionics										
GFE Avionics										
Armament										
ECO (Flyaway)										
Nonrecurring Costs										
Tooling										
Software										
Other Costs										
Subtotal Flyaway										
Airframe PGSE										
Engine PGSE										
Avionics PGSE										
Peculiar Training Eqpt										
Publications/Tech Data										
ECO (Support Items)										
Other										
Subtotal Support Costs										
Gross-P-1 End Item Cost										
Less PY Adv Proc (by PY FY)										
Net P-1 Full Funding Cost										
Plus CY Adv Proc										
Other Non-P-1 Costs										
Initial Spares										
Mods										
Total										

P-1 Shopping List - Item No 20-X

Instructions - Exhibit P-5, Cost Analysis

Purpose. The purpose of this exhibit is to provide detailed cost information in support of Exhibit P-1 line items. It is essential that this exhibit be complete and accurate as it is the most important exhibit in the backup book. Requirements exhibits and production schedules are related to the entries on this exhibit and it is used as the framework for line item review. *The budget estimate submission will include P-5 exhibits containing information for all fiscal years (FYs) from prior years (PYs) through to complete years for all Acquisition Category 1 (ACAT 1) programs and through BY2 for all other programs. The President's budget request backup justification books will include P-5 exhibits containing information for the FYs through BY2 for all programs including ACAT 1 programs. However, a P-5 exhibit containing information for all FYs from PYs through to complete years for all ACAT 1 programs will be provided separately to OUSD(C) P/B, Room 4B915.*

General. This exhibit will be prepared for all procurement programs for which funding is requested in the P-1. If more than one model or configuration will be procured in the same P-1 line item, then individual P-5 exhibits will be prepared for each model or configuration and a summary P-5 exhibit will also be prepared for the P-1 line item. If two or more Services procure the same system, the P-5 exhibit cost elements should be as identical as possible except for Service unique requirements.

Entries:

Heading. Insert Appropriation, Budget Activity and Budget Activity Number in the appropriate block. Insert the Exhibit P-1 line item title and add after the title the subhead number for the line item in parenthesis.

Elements of Cost. Categories of cost shall be tailored to the individual system consistent with the program's approved work breakdown structure (WBS) elements. Standard categories are to be used for similar type systems; i.e. aircraft, ships, missiles, tanks, satellites, ammunition, etc.

Production support services. Use generic entries such as Production Engineering, Engineering Services, Quality Assurance, Acceptance Testing, Product Improvement, etc. Include the name of the performing activity (for example, Production Support - NOP Indian Head, or Material Handling - Joliet AAP) only when needed to further clarify the generic categories.

Quantity/Total Cost entries. The quantity related to any cost element will be stated in units (not thousands). Only those entries where quantitative measurement is applicable should have entries in the quantity column. For example, the term "1 set" should not be used for publications entries, documentation, etc. If the item is not subject to quantitative measurement, leave the column blank. The total cost for a cost element entry will be shown in millions, using 3 decimal points, i.e., 1.225. Cost columns will be totaled.

Advance Procurement Funding. Add (debit) the advance procurement funding in each fiscal year and subtract the advance procurement funding (credit) from the fiscal year the advance procurement supports. Ensure the credit is against the correct fiscal year (check leadtimes). Generally, Advance Procurement debits and credits will net to zero in the "total costs" column.

Initial Spares and Modifications. Add initial spares and modification funding to the net weapon system/end item cost.

Unit Cost. The overall weapon system unit cost for each FY must be the FY gross weapon system (end) cost divided by the FY procurement quantity. All other and ammunition P-5 procurement exhibits will indicate the unit cost as the last entry line on the P-5 exhibit.

(Exhibit P-5, page 3 of 8)

Exhibit P-5 Instructions (Continued)

Aircraft Cost Element Categories.

Airframes/Contractor Furnished Equipment (CFE): Enter estimate for recurring airframe cost, airframe contractor furnished equipment, and engineering changes.

Engine/Accessories: Enter total engine cost including accessories. As part of stub entry, enter quantity of engines per aircraft and indicate model designation including all "dash" designators (example: Engines (4) 53-L-13). Engine unit cost column will reflect the cost of one engine.

Avionics: Separately identify CFE and GFE avionics equipment.

Armament: Enter costs for all armament.

Software: Software costs are to be separately identified.

Other Government Furnished Equipment (GFE): Enter costs for all Other GFE.

Engineering Change Orders (ECOs) - Flyaway: Include cost of anticipated, but unknown ECOs and value engineering changes for all installed aircraft components (CFE or GFE).

Nonrecurring Costs: Enter total nonrecurring costs associated with production of the flyaway article. Identify and separately display funds budgeted for production tooling in the nonrecurring cost category.

Other Costs: Use as many line items as necessary to identify elements and associated costs.

Airframe Peculiar Ground Support Equipment (PGSE): Enter cost of peculiar airframe ground support equipment.

Engine PGSE: Enter cost of peculiar engine ground support equipment.

Peculiar Training Equipment: Enter cost of all peculiar training equipment.

Publications/Technical Data: Enter cost of all CFE/GFE publications and technical data.

ECOs - All Support Items. Enter cost of ECOs anticipated but unknown for all support and training equipment.

Other: Use as many line items as necessary (example: aerial cameras, or jammer transmitter sets, receiver sets or sensor sets for special mission aircraft). These items are not necessarily procured on a one-for-one basis with aircraft.

Missile Cost Analysis

A missile P-5 exhibit will be submitted by all Services for each missile/drone type and model. If more than one model or configuration is procured in the same P-1 line item, then individual P-5 exhibits will be prepared for each model or configuration and a summary P-5 exhibit will also be prepared for the P-1 line item. If two or more Services procure the same missile system, the P-5 exhibit cost elements should be as identical as possible except for Service unique requirements. Weapon systems that are composed of fire units or launchers that are procured in the same P-1 line item as the missile will provide separate

(Exhibit P-5, page 4 of 8)

Exhibit P-5 Instructions (Continued)

cost identification for each vehicle of the fire unit or launching system (launcher, launch control center, radar set, vehicle, etc.). The cost categories on the P-5 exhibit represent a number of elements and the list should be tailored as appropriate to adequately depict the missile system cost. The flexibility exists to revise the elements to depict unique system characteristics, but a comparable cost detail to that shown in the P-5 exhibit format should be maintained.

Missile P-5 Cost Element Categories

Missile Hardware - Recurring

- Airframe
- Propulsion (By stage, where applicable)
- Target Detection Device
- Guidance & Control
- Warhead
- Fuze
- Safe & Arm
- Engineering Change Orders
(Value Engineering)
- Government Costs
 - Integration & Assembly (Labs, etc.)
 - Acceptance Test Program
- Other (Specify)
- Subtotal Missile Hardware

Nonrecurring and Ancillary Equipment

- Tooling and Test Equipment
- Missile Ancillary Hardware
(Containers, etc.)
- Total Missile Flyaway

Command and Launch Hardware

- Launcher
- Launch Control Center
- Radar Set
- Platform/Track Vehicle
- Engineering Change Orders
- Other (Specify)
- Subtotal Command and Launch Equipment

Support Costs

- Peculiar Support Equipment (Specify, e.g., test, handling, etc.)
- Special Handling Equipment
- Training Equipment
- Publications/Technical Data
- Engineering Change Orders
- Other (Specify)
- Subtotal Support

(Exhibit P-5, page 5 of 8)

Exhibit P-5 Instructions (Continued)

Missile P-5 Cost Element Categories (Continued)

- Gross P-1 End Cost
- Less: Prior Yr Adv. Proc (Breakout by Prior FY of funding)
- Net P-1 Full Funding Cost (Must equal FY amount displayed on the P-40 exhibit)
- Plus Current Year Adv Proc.
- Other Non-P-1 Weapon System Costs
- Initial Spares
- Mods

Ship Cost Element Categories

Include the following format for every year from construction inception for which there are undelivered ships through the end of the FYDP:

- Plan Costs
- Basic Const/Conversion
- Change Orders
- Electronics
- Propulsion Equipment
- HM&E
- Other Cost
- Ordnance
- Escalation
- Project Manager's Growth
- Total Ship Estimate
- Less: Advance Procurement FY (specify by individual fiscal year)
- Net P-1 Line Item
- Ship/Unit Cost

Space System Cost Analysis.

A P-5 exhibit is required for each space weapon system employing a launch vehicle or satellite.

Satellite Cost Element Categories

Launch Vehicle:

- Airframe/Integ & Assembly
- Stage I
- Stage II
- Stage III
- Stage IV
- Guidance and Control
- Other (specify)
- Nonrecurring (specify)

(Exhibit P-5, page 6 of 8)

Exhibit P-5 Instructions (Continued)

Satellite Cost Element Categories (Continued)

Stage Vehicle:

- Airframe/Integ & Assembly
- Propulsion
- Guidance and Control
- Other (specify)
- Nonrecurring (specify)

Space Vehicle:

- Integration & Assembly
- Spacecraft
- Payload
- Reentry Vehicle
- Other (specify)
- Nonrecurring (specify)

Satellite P-5 Cost Element Categories (continued)

- Engineering Change Orders (ECO)
- In-House Production Support
- Total Flyaway Cost

Ground Support Equipment:

- Support Equipment
- Installation and Checkout
- Nonrecurring (specify)
- Engineering Change Orders
- Other (specify)
- Total Ground Support Equipment

Support:

- Training
- Publications/Tech. Data
- Operational/Site Activation
- Computer Software
- Other (specify)
- Total Support

- Total Systems Cost
- Less Advance Procurement, Prior Year
- Net P-1 Line Item Cost

(Exhibit P-5, page 7 of 8)

Exhibit P-5 Instructions (Continued)

Ammunition Procurement Cost Analysis.

A. For items to be procured through the Conventional Ammunition Working Capital Fund (CAWCF); the automated version of the P-5, available from the Single Manager for Conventional Ammunition (SMCA), will be used. The hardware and production support sections will serve as the base for computing the CAWCF gain/loss surcharge for CAWCF standard priced items. The production support section should depict the cost of production support materials and services that are included in the P-1 line item. For CAWCF standard priced items, the dollar entries will be the costs computed by the SMCA as percentages of the hardware subtotal until such time as actual allocation of the support costs by round can be determined. For CAWCF non-standard priced items, the dollar entries will be cost estimates developed by the SMCA. For non-CAWCF items, the dollar entries will be cost estimates formulated by the developing Service. *When configuration management responsibility for a CAWCF item is retained by the developing Service, the production engineering cost estimate will be formulated by the developing Service, but all other estimates will be formulated by the SMCA.*

B. The nonrecurring cost section should depict the cost of such items as first article testing, value engineering, product improvement and procurement technical data package updates. In the event that the cost of the round can be reduced by applying government furnished material or components, a negative entry will be shown in this section. Each section should be subtotaled at the end of the subentries listing.

C. *For items whose management responsibility is retained by the Navy, Air Force, and Marine Corps, provide separate line item entries for the support costs funded by the CAWCF and by the individual component.*

Other Procurement Cost Analysis.

A. Unique entries will vary depending on the nature of the procurement item. Most line items require more than one procurement action to complete the program. If only one contract is involved, the line item is composed of several separate cost elements such as the end item itself, publications, engineering services, production support, etc. Each of these elements (called "building blocks" for simplicity) carries its own dollar value. The sum of the building block values equals the line item value. In general, entries on this form should be structured in the same way that procurement has been accomplished (or is planned) and/or the way that the cost estimate for the line item was derived. For new programs, it is not always possible to predict exactly how procurement will be accomplished but the cost estimate for the line item is built up through price out of separate cost elements that are known to be required.

B. Care should be taken to ensure that the building block title accurately describes the effort. Frequently, attempts are made to use the same building block entry for more than one year when the program effort in the following year is not exactly the same. For example, Model A of a particular equipment is procured in one year and an improved Model B version planned for the following year. Separate stub entries should be used to avoid comparisons of unlike items.

(Exhibit P-5, page 8 of 8)

Exhibit P-5a, Procurement History and Planning (Page 1)				Weapon System		DATE:				
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number						P-1 Line Item Nomenclature				
WBS COST ELEMENTS Tailor to System/Item Rqmts)	Qty	Unit Cost	Location of PCO	RFP Issue Date	Contract Method and Type	Contractor and Location	Award Date	Date of First Delivery	Specs Available Now?	Date Revisions Available
Past Year (or last yr of proc)										
Airframes/CFE										
Engine/Accessories										
CFE Avionics										
GFE Avionics										
Armament										
Tooling										
Airframe PGSE										
Engine PGSE										
Avionics PGSE										
Peculiar Training Eqpt										
Current Year										
Airframes/CFE										
Engine/Accessories										
CFE Avionics										
GFE Avionics										
Armament										
Tooling										
Airframe PGSE										
Engine PGSE										
Avionics PGSE										
Peculiar Training Eqpt										

P-1 Shopping List - Item No 20-X

Page No xxx
Exhibit P-5a, Procurement History and Planning
(Exhibit P-5a, page 1 of 4)

Exhibit P-5a, Procurement History and Planning (Page 2)				Weapon System		DATE:			
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number				P-1 Line Item Nomenclature					
WBS COST ELEMENTS Tailor to System/Item Rqmts)	Qty	Unit Cost	Location of PCO	Contract Method and Type	Contractor and Location	Award Date	Date of First Delivery	Specs Available Now?	Date Revisions Available
Budget Year 1									
Airframes/CFE									
Engine/Accessories									
CFE Avionics									
GFE Avionics									
Armament									
Tooling									
Airframe PGSE									
Engine PGSE									
Avionics PGSE									
Peculiar Training Eqpt									
Budget Year 2									
Airframes/CFE									
Engine/Accessories									
CFE Avionics									
GFE Avionics									
Armament									
Tooling									
Airframe PGSE									
Engine PGSE									
Avionics PGSE									
Peculiar Training Eqpt									

P-1 Shopping List - Item No 20-X

Page No xxx
Exhibit P-5a, Procurement History and Planning
(Exhibit P-5a, page 2 of 4)

Instructions - Exhibit P-5a, Procurement History & Planning

1. Purpose. This exhibit provides detailed information on the P-5 entries regarding *all prior years having contracts with undelivered assets, current year (CY), budget year 1 (BY1), and BY2.*
2. Submission. Exhibit P-5a will be submitted for all P-5 elements of cost (building block) entries involving quantities in the current or budget years. Information for past years, CYs, and BYs will be updated for each succeeding submission.
3. Entries.

Cost Elements (Building Blocks)/Fiscal Year. The cost element/building block title is to be taken from the Exhibit P-5 Cost Analysis for items meeting the criteria of paragraph 2 above. For each cost element, provide information for the PY, CY, BY1 and BY2. The first fiscal year line will provide information on the last buy prior to the current year (*if the item was procured in a fiscal year that is no longer available for obligation, identify the fiscal year for which the item was last procured.* Update current and prior years entries to show actual contractor and contract award dates. For the budget years, use best estimates. If Advance Procurement funding is part of the program, then provide contract data for each subsequent year to support the leadtime of the advance procurement. For example, if advance procurement is required 2 years in advance of BY2, then provide contract data through BY2+2.

Quantity and Unit Cost. Insert actual quantity procured and actual unit cost for last actual line entry. For the CY, BY1 and BY2 lines, insert actual or estimated unit costs. The quantities and unit costs should agree with entries on the Exhibit P-5 Cost Analysis exhibit, except for the ammunition items that are fixed standard priced. *For these ammunition items, the entries should be the actual unit costs that were negotiated and/or estimated. This update is necessary for the initial starting point for computing future fixed standard prices. Provide an explanation in the remarks block for all items for which the actual unit costs vary significantly with the forecasted unit costs.*

Procurement Contracting Office (PCO) Location. Identify the organization that will award the contract. Also identify the organization preparing the purchase request, if different.

Request for Proposal (RFP) Issue Date. Identify the date the RFP was issued or will be issued.

Contractor. For each fiscal year, insert actual contractor name, and facility or plant location (city and state). For the current year, insert contractor name if item is to be sole source or if procurement has been accomplished; otherwise insert "Unknown". For budget year(s), insert contractor name if sole source; otherwise use "Unknown". Identify the city/state location of the contractor plant.

Contract Method/Type. The following codes will be used to identify the "Contract Method/Type":

Contract Method

SS	-	Sole Source
C	-	Competitive
MIPR	-	Military Interdepartmental Purchase Request (use only if MIPR obligates funding)
PO	-	Project Order
WR	-	Work Request
Allot	-	Allotment
Reqn	-	Requisition
Other	-	Explain by footnote

(Exhibit P-5a, page 3 of 4)

Exhibit P-5a Instructions (Continued)

Contract Type

FP	-	Fixed Price
CPIF	-	Cost Plus Incentive Fee
CPAF	-	Cost Plus Award Fee
FPI	-	Fixed Price Incentive
Option	-	Option to prior year contract
Other	-	Explain by footnote

Follow the pattern of the "Contractor" block in displaying actual and estimated contract method and type. "Option" refers to an existing contract that contains an option clause for future procurement. Identify whether the option is priced (already negotiated) or unpriced.

Award Date. For the last actual buy, provide the date that the contract was awarded. For the current year, provide the actual or estimated date. Provide estimated contract award dates for BY1 and BY2.

Date of First Delivery. Same basis as Award Date.

Specifications Available Now. Answer "yes" or "no" for the current year and budget years. No entry is required for prior year or budget year plus one lines. The answer is to be provided as of the time the exhibit is prepared. The term "specifications" refers to full competitive specifications (or their equivalent in the case of a sole source contract).

Date Revisions Available. No entry is required for the prior year line if the contract has been awarded. If revisions are required, provide in last column the date or estimated date when they will be available.

Use Footnotes to provide reasons for Sole Source procurement; to provide reasons for use of letter contracts; to provide reasons why a multiyear contract cannot be used; to explain significant variations in unit cost from year to year, etc.

(Exhibit P-5a, page 4 of 4)

Date: _____

Shipbuilding and Conversion, Navy
Exhibit P-5b, Analysis of Ship Cost Estimate - Basic/Escalation

FY 19BY

I. Design Schedule:

Issue date for TLR
Issue date for TLS
Preliminary Design
Contract Design
Detail Design
Request for Proposals
Design Agent

Start/Issue Ship Type: Complete/Response Reissue Complete/Response

II. Classification of Cost Estimate
(e.g. Class C Budget Estimate)

III. Basic Construction/Conversion

A. Assumed Award Date
B. Contract Type (and Share Line if applicable)

FY 19CY FY 19BY1 FY 19BY2

IV. Escalation
Escalation Termination Date
Escalation Requirement
Labor/Material Split
Allowable Overhead Rate

Hull 9201 Hull 9202 Base Date Escalation Target Cost

V. Other Basic (Reserves/Miscellaneous)

Amount
Item xxx
Item xxx

Exhibit P-5b, Analysis of Ship Cost Estimate - Basic/Escalation

(Exhibit P-5b, page 1 of 1)

Exhibit P-10, Advance Procurement Requirements Analysis (Page 1 - Funding)										Date:				
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number										P-1 Line Item Nomenclature				
Weapon System										First System (BY1) Award Date		First System (BY1) Completion Date		
(\$ in Millions)														
	PLT	When Rqd	Prior Years	PY-1	PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4	To Complete	Total
End Item Qty														
CFE														
GFE														
GFE														
GFE														
EOQ*														
Design														
Term Liab														
Other**														
Total AP														
Description:														

*Include analysis if EOQ or other advance funding is proposed.

**Specify other items for all pages of this exhibit.

Exhibit P-10 Advance Procurement Requirements Analysis (Page 2 - Budget Justification)										Date:	
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number						Weapon System		P-1 Line Item Nomenclature			
(TOA, \$ in Millions)											
End Item	PLT	QPA	Unit Cost	BY1 QTY* (BY2 qty)	BY1 Contract Forecast Date	BY1 Total Cost Request	BY2 QTY* (BY2+1 qty)	BY2 Contract Forecast Date	BY2 Total Cost Request		
		N/A				N/A			N/A		
CFE											
GFE											
GFE											
GFE											
EOQ											
Design											
Termination Liability											
Other											
Other											
Other											
Other											
Total Advance Proc											
Description:											

*When the advance procurement funding supports more than one subsequent program year end item, then the funding for each line item entry must be separately identified for each applicable end item fiscal year (i.e., when leadtimes are greater than one year).

(Use continuation pages, as necessary)

P-1 Shopping List Item No 20-X

Page No xxx
Exhibit P-10, Advance Procurement Funding

(Exhibit P-10, page 2 of 8)

**Exhibit P-10, Advance Procurement Requirements Analysis
(Page 3 - Present Value Analysis)**

Date:

[illegible]

Remarks

Present value analysis will be calculated in accordance with DoD Instruction 7041.3.

Exhibit P-10, Advance Procurement Requirements Analysis (Page 4 - Execution)										Date:			
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number						Weapon System		P-1 Line Item Nomenclature					
(TOA, \$ in Millions)													
PLT	PY QTY	PY Contract Forecast Date	PY Actual Contract Date	PY Total Cost Request	PY Actual Contract Cost	CY Contract Forecast Date	CY Actual Contract Date	CY Total Cost Request	CY Actual Contract Cost	BY1 QTY	BY1 Contract Forecast Date	BY2 QTY	BY2 Contract Forecast Date
End Item				N/A	N/A			N/A	N/A				
CFE													
GFE													
GFE													
GFE													
EOQ													
Design													
Term Liab													
Other													
Total AP													
Description:													
Explain reasons for any delays and why delays did not result in end item delays.													

Exhibit P-10, Advance Procurement Requirements Analysis (Page 5 - Execution (Obligations/Expenditures))												Date:			
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number												Weapon System		P-1 Line Item Nomenclature	
(TOA, \$ in Millions)															
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTAL		
PY OBL PLAN															
PY ACTUAL															
PY EXP PLAN															
PY ACTUAL															
CY OBL PLAN															
CY ACTUAL															
CY EXP PLAN															
CY ACTUAL															
BY1 OBL PLAN															
BY2 OBL PLAN															
Narrative:															

Instructions - Exhibit P-10, Advance Procurement Requirements Analysis

This Exhibit should be submitted for each BY1 and BY2 in which Advance Procurement funds are being requested. The exhibit contains 5 pages. Only pages 1 and 2 need to be submitted in the congressional procurement backup books.

Page 1 - Budget Justification entries.

This format will include funding for all years of the program.

Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number. This entry should match the procurement annex.

P-1 Line Item Nomenclature: Self explanatory.

Weapon System Type: End item for which advance procurement is required.

First System Award Date: Enter the month/year (do not use quarters) that the contract for the end item for which these funds support will be awarded. For example: FY 1998 advance procurement funds are required in support of an FY 1999 procurement. The FY 1999 procurement will be awarded in January 1999. Enter January 1999. If the manufacturing processes require 24 months, then the item will be delivered in January 2001. Enter January 2001.

Column 1. The first entry should be the procurement quantity budgeted for each year for the end item for which the advance procurement is requested. In addition, list the items that are required to be purchased ahead of the end item. Be specific as possible. Some examples are:

Contractor Furnished Equipment (CFE): This entry includes all advance procurement funding associated with effort accomplished by the prime weapon system contractor. (e.g. airframe contractor for aircraft; guidance and control contractor for missiles, satellites; chassis contractor for tanks, engines, nuclear propulsion equipment for ships, etc.)

Government Furnished Equipment (GFE): This entry should include a separate entry for each major subcomponent furnished by the government (e.g. engines and radars for ships and aircraft; warhead, fuzes, and rocket motors for missiles; engines and major electronic subsystems for tanks, satellites, etc.).

Economic Order Quantity (EOQ): This entry includes items for which an economic order is justified. List each item separately. The entry will require additional justification showing the analysis that supports an EOQ procurement in an advance procurement line.

Other Advance Funding. This would normally include non-EOQ funding that is requested in advance of authorization of the end item and is not based on leadtime considerations but based on price/cost considerations only.

Column 2. Production Leadtime (PLT). Enter the number of months required to manufacture the end item.

Column 3. Enter the number of months after the manufacturing process begins that the item is required for incorporation into the end item.

Columns 4-15. Enter the approved funding for all years of the program.

(Exhibit P-10, page 6 of 8)

Instructions-Exhibit P-10, Advance Procurement Requirements Analysis (Continued)

Page 2 Entries:

Column 1. List the items that are required to be purchased ahead of the end item. This column should match the entries in column 1 on page 1.

Column 2. Production Leadtime (PLT): Enter the production leadtime of this particular item.

Column 3. Quantity Per Assembly (OPA): Indicate the quantity of the item required for each end item.

Column 4. Unit Cost: Enter the unit cost in tenths of millions.

Column 5. BY1 Qty: Enter the total quantity being procured in BY1. For the end item enter the quantity of end items being procured in BY2 (or subsequent years and identify by qty and year) for which the advance procurement in BY1 supports.

Column 6. BY1 Contract Forecast Date: Enter the date of the planned contract award for each of the items listed in column 1. For the end item enter the date of planned contract award of the end items being procured in BY2 (or subsequent years) for which the advance procurement in BY1 supports.

Column 7. Cost: Enter the cost in tenths of millions.

Columns 8-10. Repeat the entries above for BY2.

Description. Describe the technique used to estimate the termination liability request. If advance procurement funding is to be applied to years beyond the immediately succeeding year, the amounts and quantities by year should be specified and explained.

Page 3 Entries:

This page will provide a comparison of the advance procurement request to the cost of the program without advance procurement.

Page 4 Entries:

This page will provide a comparison of the request and actual program execution. If actual data is not available for the following items then provide the contract date or latest program manager's (PM) estimate and indicate with a footnote whether the data represents an actual date, a contract date or a PM projection.

Column 1. List the items that are required to be purchased ahead of the end item. Include all items in the previous President's budget request and any items procured subsequently.

Column 2. Production Leadtime (PLT): Enter the production leadtime of this particular item. This column should match the entries in column 2 on page 2.

Column 3. PY Quantity: Enter the quantity budgeted for the prior year.

Column 4. PY Contract Forecast Date: Enter the date of the planned contract award that was included in the previous President's budget request for the past year.

Column 5. PY Actual Contract Date: Enter the date that the contract was actually awarded. Explain any differences in the Narrative for the past year.

Column 6. PY Total Cost Request: Enter the cost estimated for this particular item that was included in the previous President's budget request for the past year.

(Exhibit P-10, page 7 of 8)

Instructions-Exhibit P-10, Advance Procurement Requirements Analysis (Continued)

Column 7. PY Actual Cost Request: Enter the actual cost that was included in the contract. Explain any differences in the Narrative for the past year.

Columns 8-12. Include the same type of information for the current year as explained in columns 3-6.

Column 13. BY1 Quantity. Identify the quantity to be procured in BY1.

Column 14. BY1 Contract Forecast Date. Identify when the contract will be awarded for BY1.

Column 15. BY2 Quantity. Identify the quantity to be procured in BY1.

Column 16. BY2 Contract Forecast Date. Identify when the contract will be awarded for BY2.

Narrative. Provide explanations for differences between requested leadtimes and actual leadtimes, requested contract award dates and actual contract award dates and requested cost and actual contract cost. Include any items that were not identified in the previous President's budget request and provide an explanation for the change. Also, address why any items for which funding was requested in the previous President's budget request were not procured. If advance procurement funding is to be applied to years beyond the immediately succeeding program year, the amounts by year should be specified on the applicable FY BY exhibit and addressed.

Page 5 Entries

Provide the planned and actual obligations and expenditures by month for the amount of advance procurement funding including termination liability. Use additional columns as required to complete the period of execution performance for the advance procurement funding (i.e. until program is 100% executed).

(Exhibit P-10, page 8 of 8)

Exhibit P-11, Electronic Warfare Funding Summary						FY 19xx Budget Estimate Submission						Date	
Air Force Electronic Warfare Related Funding													
Appropriation Summary	Prior Years	Code	PY-1 FY 1995	PY FY 1996	CY FY 1997	BY1 FY 1998	BY2 FY 1999	BY2+1 FY 2000	BY2+2 FY 2001	BY2+3 FY 2002	BY2+4 FY 2003	To Comp	Total
APAF													
MPAF													
OPAF													
RDT&E,F													
TOTAL AF													
P-1 Line Item	Prior Years	Code	PY-1 FY 1995	PY FY 1996	CY FY 1997	BY1 FY 1998	BY2 FY 1999	BY2+1 FY 2000	BY2+2 FY 2001	BY2+3 FY 2002	BY2+4 FY 2003	To Comp	Total
Line Item xx, Title													
Line Item xx, Title													
Subtotal BA 1													
Line Item xx, Title													
Line Item xx, Title													
Subtotal BA 2													
Total Appropriation													
R-1 Line Items													
PE 060xxxxx xx													
PE 060xxxxx xx													
Subtotal BA 1													
PE 060xxxxx xx													
PE 060xxxxx xx													
Subtotal BA 2													
Total Appropriation													

P-1 Shopping List Item No 20-X

Page No xxx
Exhibit P-11, Electronic Warfare Funding Summary

(Exhibit P-11, page 1 of 2)

Instructions-P-11, Electronic Warfare (EW) Funding Summary

1. **Purpose.** The purpose of this exhibit is to identify all Investment EW funding included in the Future Years Defense Program (FYDP).
2. **Submission.** A separate exhibit will be submitted as part of the Budget Estimate Submission and President's budget request.
3. **Entries.** Identify specific EW funding by program, PE project estimates within each appropriation. List applicable projects (name and number), funding amounts. Subtotal by budget activity and appropriation.

(Exhibit P-11, page 2 of 2)

Exhibit P-17 Layaway and/or Distribution										Date			
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number										P-1 Line Item Nomenclature			
Project #1 Title:		Prior Years	PY-1 FY 1995	PY FY 1996	CY FY 1997	BY1 FY 1998	BY2 FY 1999	BY2+1 FY 2000	BY2+2 FY 2001	BY2+3 FY 2002	BY2+4 FY 2003	To Complete	Total
Funding													
Description:													
Manufacturer (Name, Location)				Production Lines being laid way: (include location)				Effective Date:					
Layaway Cost:				Other Costs:				Annual Maintenance Cost:					
Project #2 Title:		Prior Years	PY-1 FY 1995	PY FY 1996	CY FY 1997	BY1 FY 1998	BY2 FY 1999	BY2+1 FY 2000	BY2+2 FY 2001	BY2+3 FY 2002	BY2+4 FY 2003	To Complete	Total
Funding													
Description:													
Manufacturer (Name, Location)				Production Lines being laid way: (include location)				Effective Date:					
Layaway Cost:				Other Costs:				Annual Maintenance Cost:					

P-1 Shopping List Item No 20-X

Page No xxx

Exhibit P-17, Layaway and/or Distribution

(Exhibit P-17, page 1 of 2)

Instructions - Exhibit P-17, Layaway and/or Distribution

1. The purpose of this exhibit is to provide the funding requirements for layaway and distribution projects at government-owned, government-operated (GOGO) facilities, at government-owned, contractor-operated (GOCO) facilities, and contractor-owned, contractor-operated (COCO) facilities.
2. For each project, provide information as to the type of action, i.e., in place, on site, central storage, complete layaway or increment, state of readiness, future cost, estimated completion date, background, and work to be accomplished. If reactivated, is the facility or line scheduled to produce new items? If so, list the items.
3. Group projects under each appropriate subclassification, such as facility expansion, machine tool replacement, etc.

(Exhibit P-17, page 2 of 2)

Exhibit P-18 Initial and Replenishment Spare and Repair Parts Justification										Date: Month/Year		
Appropriation (Treas) Code/CC/BA/BSA/Item Control No					Weapon System		P-1 Line Item Nomenclature					
End Item P-1 Line Item	Prior Years	PY-1 FY 1995	PY FY 1996	CY FY 1997	BY1 FY 1998	BY2 FY 1999	BY2+1 FY 2000	BY2+2 FY 2001	BY2+3 FY 2002	BY2+4 FY 2003	To Comp	Total
INITIAL												
B-1 End Item Cost												
Initial Spares %												
B-1 Initial Spares Cost												
B-2 End Item Cost												
Initial spares %												
B-2 Initial Spares Cost												
Etc.												
TOTAL INITIAL												
REPLENISHMENT												
B-1												
B-2												
F-15												
Etc.												
TOTAL REPLEN												
Remarks												

(Use continuation pages, as necessary)

P-1 Shopping List Item No 20-X

Exhibit P-18, Initial and Replenishment Spares and Repair Parts Justification

Page No xxx

(Exhibit P-18, page 1 of 2)

Instructions - Exhibit P-18, Initial/Replenishment Spares Requirements

The purpose of this exhibit is to provide the funding requirements for the procurement of initial and replenishment spares and repair parts in support of end items of equipment and in support of modifications to existing end items of equipment where end items of equipment are being supported by procurement appropriations. A copy of this exhibit will be included in the budget justification book for the end item.

Entries:

Column 1. Enter the budget Exhibit P 1 line item and end items of equipment for which the initial spares and repair parts are required.

Columns 3 through 13. Enter the total cost of the initial or replenishment spares and repair parts for each fiscal year displayed in support of the end items procured. Funding must be consistent with the P-1 and P-40 exhibits.

If some of the initial spares and repair parts are to be financed by the DBOF or for buy-out by a procurement appropriation, provide a memorandum entry to indicate the DBOF-financed portion or footnote accordingly.

Include the following information in the remarks block.

Procurement Requirement:

Funded Initial Spares.

Funded Replenishment Spares.

Funded Mobilization (War Reserve) Spares.

Total Funded.

Repair Turnaround time.

(Exhibit P-18, page 2 of 2)

Exhibit P-20, Requirements Study		Approp (Treas) Code/CC/BA/BSA/Item Control No					Date		
P-1 Line Item Nomenclature (Include DODIC for Ammunition Items)			Admin Leadtime (after Oct 1): xx months				Prod Leadtime: xx months		
	PY FY 1996	CY FY 1997	BY1 FY 1998	BY2 FY 1999	BY2+1 FY 2000	BY2+2 FY 2001	BY2+3 FY 2002	BY2+4 FY 2003	
Buy Summary	500	500	500	545	605	605	605	605	
Unit Cost	.1	.1	.1	.1	.1	.1	.1	.1	
Total Cost	.5	.5	.5	.5	.6	.6	.6	.6	
Asset Dynamics									
Beginning Asset Position	500	545	545	460	355	295	295	295	
Deliveries from all prior year funding	150	500							
Deliveries from CY funding			500						
Deliveries from BY1 funding				500					
Deliveries from BY2 funding					545	605	605	605	
Deliveries from subsequent years' funding						605	605	605	
Other Gains	50	10	20						
Combat Losses/Usage	0	0	0	0	0	0	0	0	
Training Losses/Usage	-150	-500	-600	-600	-600	-600	-600	-600	
Test Losses/Usage	-5	-10	-5	-5	-5	-5	-5	-5	
Other Losses/Usage	0	0	0	0	0	0	0	0	
Disposals/Retirements/Attritions/etc.									
End of Year Asset Position	545	545	460	355	295	295	295	295	
Inventory Objective or Current Authorized Allowance	545	545	545	545	545	545	190	190	
Inventory Objective	Actual Training Expenditures	Other than Training Usage	Disposals (Vehicles/Other)	Vehicles Eligible for BY1 Replacement: 50		Aircraft: TOAI:			
Assets Rqd for Combat Loads: 500	PY thru : 350	PY thru : 5	PY thru : 50	Vehicles Eligible for BY2 Replacement: 50		PAA: TAI			
WRM Rqmt: 500	PY-1: 450	PY-1: 4	PY-1: 40	Vehicle Augment: 50		Attrition Res: BAI			
Pipeline: 45	PY-2: 650	PY-2: 6	PY-2: 60						
Other: 200	PY-3: 200	PY-3: 2	PY-3: 20			Inactive Inv: Storage:			
TOTAL: 545									
REMARKS: For ammunition items, list all substitute items for the round.									

REMARKS: For ammunition items, list all substitute items for the round.

P-1 Shopping List Item No 20-X

Page No xxx

Exhibit P-20, Requirements Study
(Exhibit P-20, page 1 of 3)

Instructions - Exhibit P-20, Requirements Study

The purpose of this form is to provide detailed information with regard to the determination of asset availability and requirements. A P-20 will be prepared for all items being procured, even if the item is included in a rolled, aggregated P-1 item, such as "Items Less Than \$2 million". The following descriptions apply:

Leadtimes: Administrative leadtime is the amount of time after October 1 that is required to award a contract. Procurement leadtime is the amount of time from contract award until delivery of the first unit.

Buy Summary. Show the quantities, unit cost, and funding approved for this program.

Asset Dynamics. This section will compute the changing asset position starting with the assets on hand at the beginning of the year and adjusting for gains and losses. Tailor the entries to the program being represented.

Beginning Asset Position. Use the inventory position as of the end of the past fiscal year. As a memo entry in the remarks section, identify assets that are not in a serviceable condition.

Deliveries from all prior year funding and deliveries from CY, BY1 and BY2 funding. Enter the quantity funded during the past and prior years, and still being delivered. Show the gains in the fiscal year in which they will be received. The due-ins should match the P-21 Production Schedule and be reflective of the procurement leadtimes and actual delivery schedules included on the contract.

Deliveries from subsequent years' funding. Enter the quantity in the appropriate fiscal year. The due-ins should match the P-21 Production Schedule and be reflective of the procurement leadtimes and planned delivery schedules to be included on the contract.

Other Gains. Quantity due in for loans to other Services, other receipts, etc.

Usage. Identify projected annual usage, disposals, retirements, etc., that are projected for each fiscal year. There should be some correlation of the projected usage to actual expenditures. For aircraft, usage equates to attrition, retirement, FMS sales, etc. For vehicles, usage equates to disposals (quantity of vehicles scheduled for disposal through sale, salvage or transfer to another agency).

End of Year Asset Position. Add the gains and subtract the losses from the beginning of the year asset position.

Inventory Objective (IO). Identify the elements of the IO and the Approved Acquisition Objective, as applicable and approved through the Program Objective Memorandum process. For missiles, munitions, and munitions-related items, use the capabilities based munitions requirements process. Annotate in the Remarks block if the IO is different for any of the FYDP years. Cite the document and the date of the document that established the IO.

Actual Expenditures (for ammunition items). Identify actual expenditures for training and other than training for at least three years. For example, for the FY 1998 submission, FY 1997 will be the current year but no usage will have occurred. FY 1996 would be the past year but data will probably not be available for the entire fiscal year prior to the submission. Therefore, show actual usage for FY 1996 through June 30, 1996 and the usage for 3 fiscal years (FY 1995 (past year minus one, PY-1), FY 1994 (past year minus two, PY-2), and FY 1993 (past year minus three, PY-3)).

Authorized Allowances. Enter the authorized Vehicle allowances for units, installations, and activities supported by the appropriations of the service preparing the form. Replacement requirements will be excluded.

(Exhibit P-20, page 2 of 3)

Exhibit P-20 Instructions (Continued)

Vehicles Eligible for Replacement: Enter the quantity of vehicles eligible for replacement during the budget year(s) funded leadtime based upon the age, repair limits and mileage criteria of DoD 4500.36-R.

Vehicle Augmentation. Enter the quantity that represents an augmentation to the inventory. On a separate sheet, list the organizational units and quantities for each unit involved in the augmentation and include a full justification for the augmentation.

Aircraft. Include memo entries for each configuration of aircraft. Identify the acquisition objective by The Joint Staff (TJS) inventory category for each FY. Explain the basis for the approved acquisition objective and identify the applicable requirements document and approval authority (i.e. TJS/Service) that provides the basis for the approved acquisition objective number

Also each Service should submit documentation, by aircraft type, that provides the average age and average hours projected for the aircraft and the current age and hours. This documentation is required for all aircraft being procured and modified, as well as for the aircraft that are being replaced. Identify Active, National Guard and Reserve aircraft. Each Service can submit this documentation in formats currently used by each Service, as long as the above information is incorporated.

Entries should include: (1) total overall aircraft inventory; (2) active aircraft inventory, including primary aircraft inventory (with appropriate subcategories for mission aircraft, training aircraft, dedicated test aircraft, etc.), backup aircraft inventory, and attrition/reconstitution reserve; (3) inactive aircraft inventory, including bailments, drones, foreign military sales or other transfers, leases, loans, maintenance training, reclamation, and storage; and (4) the Joint Staff approved inventory requirements.

Not Installed Nonconsumables. Tailor the asset position to elements that pertain to this category. Include a brief explanation in the remarks block to explain why the entire quantity to meet the IO is not being procured. Include memo entries for the entire program inventory objective. Where applicable, the IO will be supported by showing the number of units or activities, by type and quantity required per unit or activity. Example:

	<u>Required</u>
20 Units	40
30 Activities	60
Spares	10
Total IO	110

REMARKS: Identify any items that can be substituted and explain why substitutes cannot be used to satisfy the IO, why expenditures do not represent an accurate portrayal of usage, and any other anomalies.

Instructions - Exhibit P-21, Production Schedule

1. Purpose. The purpose of this exhibit is to provide detailed information with regard to the monthly production of all applicable items.
2. Submission. Exhibit P-21 will be submitted to show the planned contractual production deliveries for all P-1 line items and for those P-5 Work Breakdown Structure (WBS) cost elements that have a value of \$2,000,000 or more in the current or budget year. *Those items that are supported by an exhibit P-23 do not need a P-21 except for the items that are produced by multiple manufacturers.*
3. Entries.
 - a. Item entries will be displayed in the same order as those entries appearing on the Exhibit P-5 Cost Analysis cost elements (i.e., WBS elements).
 - b. Use "E" for "each," "M" for "millions" and "K" for "thousands" for unit of measure.
 - c. Production rates should be yearly rates. The following definitions apply.

Minimum Sustaining Rate. *This is the quantity that will preclude a production break while maintaining a base of responsive vendors and suppliers; the quantity that will preclude start-up costs in the case of a production break; or the quantity that the contractor is willing to accept and produce at a reasonable cost.*

1-8-5/2-8-5/3-8-5. *This refers to the number of shifts per day, the number of hours per shift, and the number of days per week that the manufacturer will use to deliver the items.*

Economical Production Rate. *This is the most economical rate that the contractor can produce using 1-8-5 shifts.*

Maximum Production Rate. *This is the maximum capacity rate that a contractor can produce with extant or PY planned tooling. Indicate the number of shifts.*
 - d. The following leadtime definitions apply.

Administrative Leadtime (ALT). *This is the amount of time required to complete the administrative actions leading to contract award. Since these actions do not require funding, the ALT can be separately identified into prior to October 1 and after October 1. The ALT is used to forecast contract awards. Longer leadtimes require that a larger quantity be purchased to support yearly requirements. Leadtimes should therefore reflect an accurate assessment of the time required to process the administrative actions.*

Production Leadtime (PLT). *This is the amount of time required by a contractor to produce an item once a contract is awarded. Leadtimes should be based on a realistic projection of a contractor's capability.*

Procurement Leadtime. *This is the total of ALT (post October 1) and PLT.*
 - e. Where procurements are being made for customers such as the FMS program or another Service, a separate line will be used to reflect each customer's planned buy and phased deliveries with a total provided by item by manufacturer.

(Exhibit P-21, page 2 of 3)

Exhibit P-21 Instructions (Continued)

f. Enter respective schedules for all prior fiscal years with undelivered assets, CY, and BY1, and BY2, and all years of the future years defense plan. This is especially important when Advance Procurement funds are budgeted and programmed. Show detail of production by month.

g. Missile Delivery Schedule. A separate P-21 exhibit will be prepared for each missile system reflecting the latest actual deliveries and scheduled outyear requirements. When the missile system includes the procurement of fire units or launching systems within the P-1 line item, the missiles and the major components of the fire unit or launching system (launcher, launch control center, radar set, track vehicle) will be depicted on the P-21 exhibit.

h. Ammunition. The total production plan for hardware items should be displayed to include time-phased schedules for LAP and the major limiting or pacing component as applicable. For Improved Conventional Munitions, display schedules for all major components. Provide separate information in those cases where procurement leadtimes for LAP and major components differ.

Instructions - Exhibit P-21a, Production Schedule, All Types

In addition to the P-21, include a P-21a to reflect "all types" ammunition deliveries for all Services.

Exhibit P-21a, Production Schedule, All Types

Instructions-Exhibit P-21b, Production Schedule by Facility

In addition to the P-21 and P-21a, include a P-21b to display the deliveries for all ammunition being produced at each of the GOGO and GOCO facilities.

Exhibit P-21b, Production Schedule by Facility

(Exhibit P-21, page 3 of 3)

Instructions - Exhibit P-22, Ammunition Inventory

1. Purpose. The purpose of this exhibit is to provide visibility into the CAWCF-owned component inventory and into each of the Service's ammunition inventory. The CAWCF-owned component inventory will also support the stock and surveillance costs included in the standard fixed price .
2. The Services can submit the inventory listing format it currently produces, as long as the information required by this exhibit is presented.
3. Each Service will submit an inventory position listing of all Service-owned ammunition assets. The Army will also provide the CAWCF-owned component inventory listing. The Exhibit is not required for the President's budget request.
4. The inventory position will be submitted in support of the Budget Estimate Submission and will be current as of June 30, Past Year (or later, if available).
5. Entries.

Columns 1-4. Enter the appropriate Nomenclature, NSN, DODIC, and Condition Code of each ammunition round in the Service or CAWCF-owned inventory.

Columns 5 and 6. Enter the Capability Based Munitions Requirement (CBMR) and the training and testing requirements.

Columns 7 and 8. Enter the quantity of rounds that the Service or CAWCF is retaining for contingency level requirements and economic level considerations. Should these quantities be inordinately large, narrative should be provided to rationalize the quantity.

Column 9. Enter the total quantity of assets on hand.

Column 10. Enter the excess quantity.

(Exhibit P-22, page 2 of 2)

Exhibit P-23, Time Phased Requirements Schedule										Appropriation/Budget Activity										P-1 Item Nomenclature										Date																																																																					
CY										BY1										BY2										BY2+1										BY2+2										BY2+3										BY2+4																																							
1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4																																																																				
ACTIVE FORCE INVENTORY																																																																																																			
SCHOOLS/OTHER TRAINING																																																																																																			
OTHER																																																																																																			
TOTAL PHASED REQ																																																																																																			
ASSETS ON HAND																																																																																																			
DELIVERY FY & PRIOR																																																																																																			
FY & PRIOR																																																																																																			
CY																																																																																																			
BY1																																																																																																			
BY2																																																																																																			
BY2+1																																																																																																			
BY2+2																																																																																																			
BY2+3																																																																																																			
BY2+4																																																																																																			
TC																																																																																																			
TOTAL ASSETS																																																																																																			
QTY OVER (+) OR SHORT (-)																																																																																																			
D. REMARKS																																																																																																			
										Rqmt (Qty)										Total Rqmt										Installed										On Hand										PY Prior Undelivered										Unfunded																																							
										APPN -																																																																																									
										APPN -																																																																																									
										APPN -																																																																																									
										PROC LEADTIME										Admin										Initial Order										Reorder																																																											

Exhibit P-23a, Installation Data		P-1 Item Nomenclature		Date	
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number		Installing Agent			
1st Qtr		2d Qtr		3d Qtr	
End Item Facility	Qty	End Item Facility	Qty	End Item Facility	Qty
1st Qtr		2d Qtr		3d Qtr	
End Item Facility	Qty	End Item Facility	Qty	End Item Facility	Qty
4th Qtr		1st Qtr		2d Qtr	
End Item Facility	Qty	End Item Facility	Qty	End Item Facility	Qty
3d Qtr		4th Qtr		1st Qtr	
End Item Facility	Qty	End Item Facility	Qty	End Item Facility	Qty
2d Qtr		3d Qtr		4th Qtr	
End Item Facility	Qty	End Item Facility	Qty	End Item Facility	Qty

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P-1 Shopping List - Item No 20-X

Page No. xxxx
Exhibit P-23a, Installation Data

(Exhibits P-23 and P-23a, page 2 of 4)

Instructions - Exhibits P-23, Time Phased Requirements Schedules, and P-23a, Installations Data

1. Purpose. The purpose of these exhibits is to provide detailed information with regard to the quarterly requirements and production of all applicable installed items.

2. Submission. The exhibit P-23, supplemented by Exhibit P-23a, will be submitted for all P-1 line items installed and/or components. *A P-23 is not required if a P-3a modification exhibit is submitted for the installed item because a schedule is included on the P-3a.*

3. Entries.

Time Period Covered by Exhibit P-23. The first fiscal year block represents the current fiscal year. The form provides for a total of 7 years. If the phased requirement for the equipment extends beyond 7 years, insert an additional column at the right edge of the form entitled "Later." Use this last column to reflect the balance of the requirement and/or deliveries.

Line #1. Active Force Inventories. The purpose of this line is to show by quarter, "installation opportunities" for a particular equipment based upon an established schedule. The quantities to be reflected are installed equipment quantities. The line entry is non-cumulative. In those cases where the actual or planned equipment procurement program will not provide sufficient units to meet total opportunities in a particular quarter, the missed opportunities will be shown in parentheses. For example, total opportunities might be 10, but only 6 can be met. This will be shown as 6 (4). Appropriate offsets will be made in this line when it is necessary to have the equipment to be installed on hand in advance of beginning of installation.

Line #2. This line is to be used for installation opportunities not in established schedules and is to be completed in the same manner as line 1.

Line #3. Schools and Other Training. Insert in the appropriate fiscal quarter units required for Schools and Other Training. Indicate "Other" unit requirements by use of an asterisk.

Line #4. Other. This line should reflect phased requirements for all other commodity users such as new construction of end items or MAP/FMS etc.

Line #5. Time Phased Requirements. This is a cumulative line entry and in the first quarter of the first fiscal year on the form is the sum of lines 1 through 4. For the second quarter, line 5 is equal to amount shown on line 5 in the first quarter plus sum of lines 1 through 4 in the second quarter.

Line #6. Assets on Hand. In the first quarter block on line 6, insert the number of equipment on hand at the beginning of the current fiscal year.

Line #7. Reflect on this line planned deliveries from the prior fiscal year and prior programs. This is a non-cumulative line. Indicate appropriation on lines 7-16 when columns are filled.

Line #8. Reflect on this line deliveries from other appropriations financed by prior year programs.

(Exhibits P-23 and P-23a, page 3 of 4)

Exhibits P-23/P-23a Instructions (Continued)

Line #9. Reflect planned deliveries from the current fiscal year program. Also, indicate in the appropriate quarter when the contract for the current fiscal year quantity will be awarded. Identify the type of contract with the following codes:

C	Competitive procurement
SS	Sole Source
CMYP	Competitive multiyear
SSMYP	Sole Source multiyear

Line #10. Same as line 9 for current fiscal year when a different appropriation from line 9 is involved.

Lines #11-16. Follow the pattern of lines 9 and 10. Lines 15 and 16 may cover more than one fiscal year program and will reflect the equipment quantity required to fill the total requirement in the "Later" column.

Line #17. For each quarter, this line is the sum of lines 6 through 16 expressed on a cumulative basis as was line 5.

Line #18. This line is the difference between line 5 (total phased requirements) and line 17 (total assets).

Requirement Block (Lower right corner) - This block recaps total requirements by appropriation.

Total Requirement - This is the total ultimate quantity required for installation without regard to when installation will take place.

Installed Qty - Number of units installed prior to the beginning of the current fiscal year.

On Hand Qty - Units that have been delivered but not yet installed.

Prior Years Undelivered - This is the sum of all units due in from prior year, past years, and current year programs plus planned BY1 and BY2 procurements.

Unfunded - This is the quantity still required after BY2.

Reconciliation - The cumulative quantity shown on line 5 is equal to the sum of the on hand quantity, the FY(BY1) and undelivered quantity plus the unfunded quantity.

Procurement Leadtimes. Administrative leadtime is the amount of time after October 1 that is required to award a contract. Initial Order Leadtime means production or manufacturing leadtime and is measured from date of contract award to date of first delivery of equipment. Reorder Leadtime is production leadtime when follow-on procurement is made from previous source.

P-23a. Time Phased Requirements Schedule

List the end item and/or facilities that are to receive the equipment. Include the quantity to be installed by quarter. Identify the installing agent.

(Exhibits P-23 and P-23a, page 4 of 4)

Exhibit P-25, Production Support and Industrial Facilities Cost Analysis										Date		
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number										P-1 Line Item Nomenclature and Project Number		
Annual Capacity Before Project (1-8-5)										Annual Capacity after Project (1-8-5)		
Facility Name										Type: (GOGO/GOCO/COCO)		
Location												
COST ELEMENTS	Prior Years	PY-1 FY 1995	PY FY 1996	CY FY 1997	BY1 FY 1998	BY2 FY 1999	BY2+1 FY 2000	BY2+2 FY 2001	BY2+3 FY 2002	BY2+4 FY 2003	To Complete	Total
Construction												
Equipment												
Equipment												
Equipment												
Equipment												
Equipment Install												
Contract Support												
Corps of Engrs												
Other												
Total Fac Costs												
Other-Prove-out												
MILCON												
Description of Project:												
Milestones:												
Concept Design Complete:												
Final Design Complete:												
Initial/Final Project Award												
Construction Complete:												
Equipment Installation Complete:												
Prove out begins/completes:												

Related projects: (Number, Title, Appropriation, Start/Complete date).

P-1 Shopping List - Item No 20-X

Page No xxx
Exhibit P-25, Production Support and Industrial Facilities Cost Analysis
(Exhibit P-25, page 1 of 2)

Instructions - Exhibit P-25, Production Support and Industrial Facilities Cost Analysis

The P-25 exhibit will be used to display costs for each funded production facilities project at all government owned, government operated (GOGO) and government owned, contractor operated (GOCO) facilities. In addition the exhibit will display the costs associated with a facilities project for those government owned lines that are located at contractor owned, contractor operated (COCO) facilities. The cost categories on the P-25 exhibit represent a number of elements and the list should be tailored to adequately depict the production facility project cost. The sections on the P-25 exhibit are to be completed as follows.

Construction cost should depict the cost for construction that is funded in this line. If construction funds are required that are programmed in another appropriation, these funds and the associated amount should be identified in the Other Costs section.

Equipment Cost should identify the cost for individual equipment (list separately) costing more than \$0.5 million and a cumulative cost line for all equipment costing less than \$0.5 million.

Equipment Installation Cost should identify the cost to install all the equipment listed.

Contractor Support Cost should identify any cost for contractor support included in the production facility project.

Corps of Engineers Support Cost should identify any cost for the Corps of Engineers support included in the production facility project.

Other In-house Support Cost should identify any cost for other in-house support (excluding the Corps of Engineers support costs) included in the production facility project.

The Other Cost section reflects other costs associated with the project such as facility prove-out cost, military construction appropriation costs, etc.

Facility - Self explanatory.

Related Projects should include prior year and outyear funding required to complete the project.

Industrial Facilities - Provide specific line item identification for each project. Group projects under each appropriate subclassification, such as facility expansion, machine tool replacement, etc.

A DD Form 1391, Military Construction Project Data, is required for each project for proposed construction, alteration, expansion, or modernization of government owned facilities.

(Exhibit P-25, page 2 of 2)

Exhibit P-26, Maintenance of Inactive Facilities				Appropriation (Treasury) Code/CC/BA/BSA/Item Control No							Date	
Inactive Lines at Active Plants				Facility Contractor:								
	Prior Years	PY-1 FY 1995	PY FY 1996	CY FY 1997	BY1 FY 1998	BY2 FY 1999	BY2+1 FY 2000	BY2+2 FY 2001	BY2+3 FY 2002	BY2+4 FY 2003	To Complete	Total
Funding												
Maintenance Cost												
Recurring Overhead												
Environmental												
Other												
Description:												
Inactive Lines at Contractor Plants				Contractor								
	Prior Years	PY-1 FY 1995	PY FY 1996	CY FY 1997	BY1 FY 1998	BY2 FY 1999	BY2+1 FY 2000	BY2+2 FY 2001	BY2+3 FY 2002	BY2+4 FY 2003	To Complete	Total
Funding												
Maintenance cost												
Recurring Overhead												
Environmental												
Other												
Description:												
Inactive Plants				Facility Contractor:								
	Prior Years	PY-1 FY 1995	PY FY 1996	CY FY 1997	BY1 FY 1998	BY2 FY 1999	BY2+1 FY 2000	BY2+2 FY 2001	BY2+3 FY 2002	BY2+4 FY 2003	To Complete	Total
Funding												
Maintenance Cost												
Utilities												
Recurring Overhead												
Environmental												
Other												
Description:												

Instructions - Exhibit P-26, Maintenance of Inactive Facilities

1. *The purpose of this exhibit is to provide the funding requirements for the maintenance of inactive facilities, inactive lines at active facilities, and inactive lines at contractor facilities.*
2. *Provide information as to the types of costs that require funding.*
3. *List the inactive lines and the ammunition that will be produced if the line is reactivated.*
4. *Provide description of environmental requirements.*
5. *Provide detail by facility.*

(Exhibit P-26, page 2 of 2)

Exhibit P-29a, Shipbuilding and Conversion (SCN) Outfitting Costs - Comparison											Date:					
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number											P-1 Line Item Nomenclature					
Ship Type	Hull No	Prog Year	Del Date	Prior Years	PY-1	PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4	To Complete	Total	
97PB																
xxx																
xxx																
98BES																
xxx																
xxx																
Delta																
xxx																
xxx																
Comments																
This exhibit compares the previous President's budget request to the current Budget Estimate Submission or the current President's budget request as appropriate.																

P-1 Shopping List - Item No 20-X

Page No xxx
 Exhibit P-29a, SCN Outfitting Costs-Comparison
 (Exhibit P-29a, page 1 of 1)

Exhibit P-32, Procurement Purchases from DBOF
(TOA, \$ in Millions)

Appropriation: _____

Business Areas		Current Year			Budget Year 1			Budget Year 2				
		CY Program	Price Growth	%	Program Growth	%	BY1 Program	Price Growth	%	Program Growth	%	BY2 Program
Army												
411 Army Supply Management												
601 Army Depot Maint-Ord Arm Com												
602 Army Depot Maintenance-Other												
648 Army Information Services												
Navy												
412 Navy Supply Management												
615 Navy Information Services												
633 Defense Printing Service (FY 1996 only)												
Research and Development												
610 Naval Air Warfare Center												
611 Naval Surface Warfare Center												
612 Naval Undersea Warfare Center												
614 Naval Cmd, Ctrl & Ocean Surv Ctr												
630 Naval Research Laboratory												
631 Naval Facilities Engineering Service Ctr												
Depot Maintenance												
613 Depot Maintenance- Aircraft												
632 Depot Maintenance-Ordnance												
637 Depot Maintenance-Ships												
640 Depot Maintenance-Other (USMC)												
Transportation (Sealift Services):												
620 Fleet Auxiliary Force												
621 Afloat Prepositioning Ships												
623 Special Mission Supports												
624 Other Sealift Purchases												
Navy Base Support Services:												
634 Public Works - Utilities												
635 Public Works - Other												
639 Public Works (Composite Rate)												

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Exhibit P-32, Procurement Purchases from DBOF
(TOA, \$ in Millions)

Business Areas	Current Year		Budget Year 1				Budget Year 2			
	CY Program	Price Growth	%	Program Growth	%	BY1 Program	Price Growth	%	Program Growth	BY2 Program
Air Force										
414 Air Force Supply Management										
649 Air Force Information Services										
653 Transportation (Airlift Svcs (Training))										
Air Force Depot Maintenance:										
661 Organic Operations										
662 Contract										
Defense										
402 Fuel Purchases (DFSC)										
415 DLA Supply Management										
633 Defense Printing Services (beg FY 1997)										
647 Defense Megacenters (DISA)										
650 DLA Information Services										
651 DFAS Information Services										
670 Defense Automatic Addressing Systems										
671 Communications Services (DISA)										
672 Purchases from Pentagon Reservation Maintenance Revolving Fund										
673 Financial Operations (DFAS)										
674 Distribution Depots (DLA)										
675 Def Reutilization & Mktg Svcs (DRMS)										
676 Def Industrial Plant Eqpt (FY 1996 only)										
677 Joint Logistics Systems										
680 Purchases from the Bldg Maint Fund										
USTRANSCOM										
701 AMC Cargo/Passenger (Fund)										
702 AMC SAAM/TJS (Fund)										
711 MSC Cargo (Fund)										
721 MTMC Port Handling (Fund)										

P-1 Shopping List - Item No 20-X

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(Exhibit P-32, page 2 of 3)

Instructions - Exhibit P-32, Procurement Purchases from DBOF

1. Purpose. The purpose of this exhibit is to estimate the amount of new orders planned to be sent to the Defense Business Operations Fund (DBOF) business areas. The Procurement appropriations will report estimates of funding for DBOF business areas on the Purchases from DBOF Exhibits. For each appropriation, the Component will estimate by DBOF business area the amount of new orders planned to be sent to DBOF business areas for the CY, BY1 and BY2. The amounts provided should reflect the amount shown by the DBOF activity on the Fund-11 exhibit. Price growth will reflect the amount of inflation on the difference between fiscal years funding (change in DBOF rates). Program growth will show the change in program absent the effect of inflation. For further guidance, see the instructions for completing the OP-32 exhibit (Chapter 030402). A copy of the P-32 exhibit will also be provided directly to the Revolving Funds Directorate, Rm 3B866, the Pentagon.

2. Specific Instructions:

In addition to the guidance above and in the OP-32 Exhibit instructions, the following provides by business area, the types of purchases reported on the P-32 exhibits:

- (1) Army, Navy and Air Force Supply Management: obligations for supply purchases from wholesale and retail supply organizations.
- (2) DLA Supply Management: obligations for purchases of consumable supplies.
- (3) Fuel Purchases (Defense Fuel Supply Center): obligations for fuel for purchases of fuel for aircraft, automobiles, non-nuclear ships, trucks, and heating fuel.
- (4) US Transportation Command: travel and transportation obligations for movement of people or goods by military air (Air Mobility Command owned C-17, C-5, or C-141 aircraft or leased commercial aircraft) and military sealift (through Military Traffic Management Command operated port facilities, in Military Sealift Command owned or operated ships).
- (5) Defense Finance and Accounting Service (DFAS): obligations for services rendered by DFAS.
- (6) Communications Services (DISA): obligations to pay for services provided by the for the Defense Switched Network (formerly AUTOVON, AUTODIN, Bulk Encrypted Communications, Defense Switched Network, Washington Area Wideband System, Defense Information Systems Network, and Defense Data Network) and for information processing, computer services, and software development support provided by the Defense Information Technology Services Organization (DITSO).
- (7) Fund Purchases not reported on P-32: Do not report purchases from the following Fund business areas: Defense Logistics Agency Distribution Depots; Navy Distribution Depots; Commissary Operations; and the Defense Reutilization and Marketing Services.

(Exhibit P-32, page 3 of 3)

Ship Type - (SSN-21)

Equipment Item - (AN/BSY-2 Combat System)

PARM Code - (NAVSEA PMS XXX)

Description/Characteristics/Purpose:

Current Funding	FY 19PY		FY 19CY		FY 19BY1		FY 19BY2	
	Hull	Total FY	Hull	Total FY	Hull	Total FY	Hull	Total FY
Major Hardware								
Hardware								
Warranty								
Battle Spare/Trainer								
GFE								
Ancillary Equipment								
Test Equipment								
Shipping and Installation Fix								
Technical Data and Documentation								
Spares								
Installation & Checkout								
Installation & Sup Spt								
System Engineering								
Technical Engineering Services								
Contract Field Services								
Govt Field Services								
Other Costs (List separately)								
Other Costs								

Contract Data (major hardware)	Prime Contractor	Contract Award Date (indicate if estimated)	Contract Type	New/Option	Contract Qty	Contract Hardware Unit Cost
PY						
CY						
BY1						
BY2						

Delivery Data	Earliest Ship Delivery Date	Months Required before Delivery	Production Leadtime	Required Award Date
PY				
CY				
BY1				
BY2				

V. Competition/Second-Source Initiatives:

P-1 Shopping List - Item No 20-X

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Exhibit P-35, Major Ship Component Fact Sheet
(Exhibit P-35, page 1 of 2)

Instructions - Exhibit P-35, Major Ship Component Fact Sheet

Item: A separate sheet is to be submitted for each component having a unit cost of \$3.0 million or more.

Description/Characteristics/Purpose. Self explanatory.

Current Funding. The cost details will be provided for each ship type for which equipment is being procured on a hull basis for the prior year (PY), current year (CY), budget year 1 (BY1) and BY2.

Identify estimates on an end item cost basis. If an equipment was procured in a prior year with advance procurement funds, it should be reflected on the exhibit next to the end cost estimates in parenthesis. The equipment costs in this section of the exhibit will include the building block elements listed below:

- Major Hardware
- Ancillary Equipment
- Technical Data and Documentation
- Spares
- System Engineering
- Technical Engineering Services
- Other Costs

Major hardware costs in excess of \$20 million must be broken down into subelement hardware components that comprise the equipment cost estimate included on the P-5a cost analysis.

Contract Data. This section will be prepared for the major hardware procurement. The exhibit will include the contract plans for BY1 and BY2, the planned or actual contract information for the current year (CY) and the actual information for the last buy prior to the current year. The last buy should be included even though it is two or more years prior to the current year. The following codes should be used for indicating contract types: Fixed Price Incentive (FPI); Cost Plus Incentive Fee (CPIF); Fixed Price (FP); Sole Source (SS); and Competitive (C). Indicate whether it is a new contract or an option to an existing contract. Also indicate estimated or actual award dates and item delivery dates. List quantities for each fiscal year and the production leadtime associated with each equipment.

Delivery Data. This section should indicate delivery plans for BY1 and BY2, CY and past year (PY) programs contained in Section II of this exhibit. The required award date entry is determined by subtracting the months required before delivery and production leadtime from the earliest ship delivery date.

Competition/Second Source Initiatives. Describe any competition or second source initiatives associated with major hardware items.

(Exhibit P-35, page 2 of 2)

Exhibit P-36, Depot Level Ship Maintenance Schedule
From PY to BY2 + 4

Date: _____

Ship Type	Class	Hull	Name	HP	FY	Type of <u>Avail.</u>	Exec. <u>Act.</u>	Start <u>Date</u>	End <u>Date</u>	O&MN <u>Costs</u>	OPN <u>Costs</u>	Total <u>Mandays</u>
--------------	-------	------	------	----	----	--------------------------	----------------------	----------------------	--------------------	----------------------	---------------------	-------------------------

Purpose: The purpose of this exhibit is to provide schedule and budgetary data for the ships planned for a modernization availability using past year (PY), current year (CY), or budget years (BY1 and BY 2) funds in support of the availability.

Exhibit P-36, Depot Level Ship Maintenance Schedule

(Exhibit P-36, page 1 of 1)

Exhibit P-40, Budget Item Justification										Date			
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number										P-1 Line Item Nomenclature			
Program Element for Code B Items:										Other Related Program Elements			
	Prior Years	ID Code	PY-1 FY 1995	PY FY 1996	CY FY 1997	BY1 FY 1998	BY2 FY 1999	BY2+1 FY 2000	BY2+2 FY 2001	BY2+3 FY 2002	BY2+4 FY 2003	To Comp	Total
Proc Qty													
Gross Cost													
Less PY Adv Proc													
Plus CY Adv Proc													
Net Proc (=P-1)													
Initial Spares													
Total Proc Cost													
Flyaway U/C													
Wpn Sys Proc U/C													
Description													

(Use continuation pages, as necessary)

P-1 Shopping List - Item No 20-X

Page No xxx
Exhibit P-40, Budget Item Justification

(Exhibit P-40, page 1 of 4)

Instructions - Exhibit P-40, Budget Item Justification

1. Purpose. The purpose of this exhibit is to provide overall narrative justification covering each P-1 line item including all advance procurement and spare and repair parts P-1 line items.

2. Submission. A separate Budget Item Justification Sheet will be submitted to support all line items having funds requested in any past year (PY) or prior year (not yet expired), current year (CY), budget year 1 (BY1), BY2, or in the future years defense plan (FYDP).

3. Entries.

a. Enter the applicable information that identifies the appropriation number and title, budget activity, procurement line item number, and serial number (the combination of these codes should match the procurement annex). Include the P-1 line item title and identify nicknames in parenthesis. Identify the program element for all Code B items (definition follows). Also list all other PEs associated with this procurement.

b. *Include the Identification Code. The letter "A" or "B" will be entered in this column for every line item listed. Line items will be appropriately coded according to the status of the item at the time the exhibit is prepared as follows:*

Code A. Line items of material that have been approved for Service use.

Army. The term "approved for service use" means that an item has been "type-classified as adopted type" (Standard) and excludes Limited Production type that is included in the development category.

Navy. The term "approved for service use" means that the item has been approved for full production.

Air Force. The term "approved for service use" means that the item has been classified as standard, or alternate standard.

Code B. Line items or material that have not been approved for Service use.

c. Funding will be presented for applicable line items for all prior years, past years, current year, budget years, FYDP years, to complete and Total. The funding should agree with the funding approved in the FYDP Procurement Annex. Omit line items that do not apply (for example, ammunition items would not include an initial spares line).

d. A complete narrative description of the line item will be provided. The description will include, but not be limited to, the nature, purpose and intended use of the item with sufficient depth of information to serve as a justification for funding.

e. If the item covered by the Justification Sheet is a Code B item, identify the RDT&E program element funding the development. Also provide the month and calendar year, actual or projected, for each applicable DTE, IOTE, OTE and technical data package (TDP) or performance specification milestone date. TDP is assumed to be the date when all data necessary to initiate the procurement is available. Also provide the planned date for type classification as Standard or Alternate Standard (Army and Air Force) or approved by the CNO or other responsible official (Navy). Provide the nomenclature and model number of each item (as applicable) which will be replaced, as well as the

(Exhibit P-40, page 2 of 4)

P-40 Instructions (Continued)

comparative information in definitive terms with units of measure such as range, speed, cycle rate, meantime before failure, useful life, etc. Enter a brief but specific discussion of pertinent test results and development effort to date such as successful or unsuccessful firings or launches, major engineering design changes, schedule slippages, test failures, contractor difficulties, cost overruns, etc.

e. For those programs that include advance procurement funds that support more than just the next or one subsequent FY program, specific FY detail needs to be provided to identify which FY programs are supported by prior year advance procurement. Advance procurement should be debited and credited according to the leadtimes of the advance procurement. For instance, if FY 1996 and FY 1997 advance procurement funds are required for an FY 1998 procurement, the FY 1996 AP funds would be debited in FY 1996, the FY 1997 AP funds would be debited in FY 1997, and the total of the FY 1996 and FY 1997 AP funds would be credited in FY 1998.

Advance Procurement

<u>FY TOA</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
FY 1996 for FY 1998 (memo)	0.4				
FY 1997 for FY 1998 (memo)		0.4			
FY 1997 for FY 1999 (memo)		0.4			
FY 1998 (memo)			-0.8		
FY 1998 for FY 1999 (memo)			0.4		
FY 1998 for FY 2000 (memo)			0.4		
FY 1999 (memo)				-0.8	
FY 1999 for FY 2000 (memo)				0.4	
FY 1999 for FY 2001 (memo)				0.4	

f. For all P-1 line items that include procurement of more than one item, a P-40a should also be submitted.

4. Specific Guidance by Program Type.

a. Ammunition Programs.

(1) For ammunition items to be procured through the Conventional Ammunition Working Capital Fund (CAWCF), the most recent CAWCF standard/non-standard price list will be used in pricing the program. The P-40 will display the cost for each line item.

(2) For non-transitioned items, include the date that the item will be transferred to the Single Manager for Conventional Ammunition (SMCA) for procurement action and explain why the item cannot be transitioned until then.

(3) Identify substitute items and if they cannot be used, explain why.

(4) For items with funding greater than \$2.0 million, provide an additional P-40 exhibit providing justification for each item that is funded in the line item. The Army can continue to provide the additional P-5 in lieu of this requirement.

(Exhibit P-40, page 3 of 4)

P-40 Instructions (Continued)

b. Vehicles. Provide the same type information as required for modifications. List all Passenger Carrying vehicles first, and enter subtotals for this category. Then list all other commercial vehicles with a planned procurement value of \$2.0 million or more, and enter the subtotals for this category. Add the two subtotals to display the totals for this exhibit. The "all other" category may be divided between General Purpose and Special Purpose should the Military Service so desire. Except for Passenger Carrying vehicles, different body types may be grouped into single entries.

c. Shipbuilding and Conversion, Navy Programs. Include the following information:

Mission
Characteristics (hull length overall, beam, displacement, draft)
Armament
Major Electronics
Production status, by hull
 Contract Award Planned (Month/Year)
 Months to Complete
 a) Award to Delivery
 b) Construction
 Start to Delivery
 Delivery Date
 Completion of Fitting Out
 Obligation Work Limiting Date (OWLD)

The P-40 must list all Service and Other Small Craft Items by types and provide funding for all years still being executed.

d. Modification Programs. For procurement modification programs the P-40 exhibit shall include the following information. A complete narrative description of the weapon system, its overall mission, number of aircraft in the inventory (include a breakout by Active, National Guard and Reserve). Explain why the aircraft requires modification to perform its mission. The description will include, but not be limited to, the nature, purpose and intended use of the item with sufficient depth of information to serve as a justification for funding. The narrative should also provide a clear, concise, unclassified statement relating planned procurement to the total acquisition objective for the modification. For example, the total objective for a radar modification might be 75 units at an estimated unit cost of \$300,000 each or total cost of \$23.5 million. Twenty units have been procured in prior years, 10 units are included in the budget year leaving 45 units to be procured in subsequent years. The exhibit will, just below the narrative, include the specific modifications budgeted and programmed displayed in the format provided below:

Mod/ OSIP	Mod	(TOA, \$ in Millions)										
<u>No.</u>	<u>Class</u>	<u>Title</u>	<u>PY</u>	<u>CY</u>	<u>BY1</u>	<u>BY2</u>	<u>BY2+1</u>	<u>BY2+2</u>	<u>BY2+3</u>	<u>BY2+4</u>	<u>TC</u>	<u>Total</u>

Mod/OSIP No. Enter the modification number as applicable. List each modification on the aircraft P-40 exhibit. All P-3a exhibits must be included in the budget backup book in this numerical order.

Classification. Enter the modification classification or type (i.e., safety, reliability, maintainability, etc.) as applicable.

(Exhibit P-40, page 4 of 4)

Instructions - Exhibit P-40a, Budget Item Justification for Aggregated Items

1. Purpose. The purpose of this exhibit is to provide the quantities and funding covering the procurement programs included in rolled P-1 line items.

2. Entries.

a. Enter the applicable information that identifies the appropriation, budget activity, and title.

b. Include the Identification Code. The letter "A" or "B" will be entered in this column for every line item listed. Line items will be appropriately coded according to the status of the item at the time the exhibit is prepared as follows:

Code A. Line items of material that have been approved for Service use.

Army. The term "approved for service use" means that an item has been "type-classified as adopted type" (Standard) and excludes Limited Production type that is included in the development category.

Navy. The term "approved for service use" means that the item has been approved for full production.

Air Force. The term "approved for service use" means that the item has been classified as standard, or alternate standard

Code B. Line items or material that have not been approved for Service use.

Note: If an item is a Code B item, however, the item must be listed as separate line items in the P-1, P-5 and P-40 exhibits..

c. Funding will be presented for all prior years, past years (PY), current year (CY), budget years (BY1 and BY2), FYDP years (BY2+1 thru BY2+4), to complete and Total. The funding should agree with the funding approved in the FYDP Procurement Annex.

(Exhibit P-40a, page 2 of 2)

Instructions -Exhibit P-43, Simulator and Training Devices Justification

1. Purpose. This Exhibit identifies the training devices and resources budgeted for the support of the P-1 line items. This format will be used to present planned procurement of simulators, training devices and technical training devices. Training devices include but are not limited to the following types: operator, team, tactics and maintenance training devices.

2. Submission. This format will be submitted to support each major weapon system, modification and other procurement programs in the Exhibit P-1 in which training devices are being procured. Data should be provided for weapon system specific and non-system specific training systems. A P-5a should be prepared if the training system is non-system specific.

3. Entries.

a. Appropriation/P-1 Line Item, Weapon System, program element (PE), and Initial Operating Capability (IOC Date): Self explanatory.

b. Column 1. List the training/simulator devices being procured and group by type (operator, team, tactics, maintenance, etc.). Example:

OPERATOR TRAINERS

AN/BQQ-5E(V) TSOT

TRITRAFAC Bangor

N/BQQ-5E(V) SOAT

FLEASWTRACENPAC

MAINTENANCE TRAINERS

AN/BQQ-5E(V) MST

TRITRAFAC Bangor

TRITRAFAC Kings Bay

Care should be taken to ensure that the building block title accurately describes the effort. Frequently, attempts are made to use the same building block entry for more than one year when the program effort in the following year is not exactly the same. For example, Model A of a particular training equipment is procured in one year and an improved Model B version is planned for the following year. Separate stub entries must be used to avoid comparisons of unlike items.

c. Site. Provide the location of the simulator and training devices.

d. Delivery date. Provide estimated date of delivery for the funding included in the budget year request.

e. Ready for Training Date. Self explanatory.

f. Average Student Throughput. Enter the average annual number of trainees per device(s) by site. Formula: number of planned classes convening per year (all relevant courses) x average number of students per class.

g. Financial plan. Enter quantity and cost for each item. The total funding for each training device should equal the WBS element for trainers/simulators on the P-5.

(Exhibit P-43, page 2 of 2)

Exhibit P-45, Summary of Reimbursables
(TOA, Dollars in Millions)

Appropriation:

<u>P-1 Line Item</u>	<u>PY</u>	<u>QTY</u>	<u>Actual Reimb.</u>	<u>CY</u>	<u>QTY</u>	<u>Est. Reimb.</u>	<u>QTY</u>	<u>BY1</u>	<u>Est. Reimb.</u>	<u>QTY</u>	<u>BY2</u>	<u>Est. Reimb.</u>
P-1 Program Title												
Customer A												
Customer B												
Total												

Exhibit P-45, Summary of Reimbursables

(Exhibit P-45, page 1 of 2)

Instructions - P-45, Summary of Reimbursables

This exhibit will be prepared for all procurement appropriations for which reimbursable authority has been used in the PY or CY or is requested for the BY1 or BY2.

This exhibit will reflect reimbursable funding received or requested for each customer from a P-1 line item. For FMS customers, specify each country as a separate customer. Thoroughly identify other customers.

The totals on this exhibit should reflect the total amount of reimbursements anticipated as submitted in the Budget Estimates Submission and the President's budget request.

(Exhibit P-45, page 2 of 2)

Multiyear Procurement Guidance

If a system proposed for a multiyear contract includes more than one P-1 line item, prepare combined MYP-1 and MYP-2 exhibits. Prepare separate exhibits for the remaining MYP exhibit formats. All the exhibits associated with this system should be combined in one package, and ordered in numerical order, i.e., MYP-1, MYP-2, MYP-3¹, MYP-3², etc.

If multiple MYPs are proposed for components of the same P-1 line item, prepare a separate set of exhibits for each. Note that the MYP-3 will be the same in each package.

If a joint Service program is proposed for multiyear procurement, the executive Service is responsible for submission of all multiyear exhibits.

See Section 0102 for additional multiyear procurement guidance.

General Instructions for MYP exhibits.

1. Label the exhibits (MYP-1, MYP-2, etc.) in the lower right corner.
2. Exhibits will be submitted in landscape format.
3. Package the exhibits in numerical order, i.e., MYP-1, MYP-2, etc.
4. Provide original and 3 copies.

(MYP, page 1 of 7)

Date: _____

Exhibit MYP-1, Multiyear Procurement Criteria

Program _____

1. Multiyear Procurement Description:

2. Benefit to the Government.

a. Savings and Cost Avoidance: (Total savings, \$ in millions; this total should match the total savings identified on Exhibits MYP-2 and MYP-3).

b. Impact on Industrial Base:

3. Stability of Requirement.

4. Stability of Funding.

5. Stable Configuration.

6. Degree of Cost Confidence.

7. Degree of Confidence in Contractor Capability.

8. Risk Factors.

<u>Category</u>	<u>Risk</u>	<u>Explanation</u>
Requirement Stability		
Funding Stability		
Configuration Stability		
Cost Confidence		

9. Multiyear Summary (list all comparisons from MYP-2, MYP-3, MYP-4 exhibits).

	<u>ANNUAL</u> <u>CONTRACTS</u>	<u>MYP</u> <u>ALTERNATE</u>
Quantity		
Total Contract Price		
Cancellation Ceiling		
\$ Cost Avoidance Over Annual		
% Cost Avoidance Over Annual		

This paragraph will be prepared for each multiyear contract included in the line item.

Exhibit MYP-1, Multiyear Procurement Criteria

(MYP, page 2 of 7)

Instructions - MYP-1 Multiyear Procurement Criteria

Description: Provide a brief statement describing the multiyear procurement, i.e., this multiyear procurement will procure "x" number of units over "x" number of fiscal years by using one or more multiyear contracts. If the exhibits are required to satisfy congressional notification requirements, include a statement that these exhibits are intended to satisfy that requirement.

The process of deciding to use or not to use a multiyear procurement (MYP) for production programs as well as how best to tailor and structure MYP requires management judgment. The following criteria have been prepared as guidelines for decision-makers. This exhibit is used to describe the results of the analysis of each of these criteria. The criteria are to be considered in a comparative benefit/risk analysis format where criterion 1 below, represents the benefit factor and criteria 2 through 6 represent risk factors.

Benefit to the Government. A multiyear procurement should yield substantial cost avoidance or other benefits when compared to conventional annual contracting methods. MYP structures with greater risk to the government should demonstrate increased cost avoidance or other benefits over those with lower risk. Savings can be defined as significant either in terms of dollars or percentage of total cost. This paragraph must include as a minimum the following narrative justification and data:

a. Savings and Cost Avoidance: (Total savings, \$ in millions; this total should match the total savings identified on Exhibits MYP-2 and MYP-3). This explanation must also identify the detailed sources of savings, to include, as appropriate, inflation, vendor procurement, manufacturing, design/engineering, tool design, and support equipment. Each identified source of savings must include a narrative description of the specific savings, an estimate for that specific source and how the estimate was derived. The sum of the detailed sources of savings should equal the total savings.

b. Impact on Industrial Base: The MYP justification should include a narrative that addresses the impact of the MYP on the industrial base in terms of both the prime contractor and the vendors/subcontractors, to include the following topics: improved competition, enhanced investment, improvement in vendor skills, training programs, progress payment changes, use of vendor multiyear contracts and increased production capacity.

Stability of Requirement. The minimum need (i.e., inventory or acquisition objective) for the production item or service is expected to remain unchanged or vary only slightly during the contemplated contract period in terms of production rate, fiscal year phasing, and total quantities.

Stability of Funding. There should be reasonable expectation that the program is likely to be funded at the required level throughout the contract period.

Stable Configuration. The item should be technically mature, have completed RDT&E (including development testing or equivalent) with relatively few changes in item design anticipated, and underlying technology should be stable. This does not mean that changes will not occur but that the estimated cost of such changes is not anticipated to drive total costs beyond the proposed funding profile.

Degree of Cost Confidence. There should be a reasonable assurance that cost estimates for both contract costs and anticipated cost avoidance are realistic. Estimates should be based on prior cost history for the same or similar items or proven cost estimating techniques.

(MYP, page 3 of 7)

Multiyear Procurement (Continued)

Degree of Confidence in Contractor Capability. There should be confidence that the potential contractor(s) can perform adequately, both in terms of government furnished items (material, data, etc.) and their firm's capabilities. Potential contractors need not necessarily have previously produced the item.

Risk Factors. Each risk factor should be categorized as low, medium or high and an explanation of the risk assessment provided.

8. Multiyear Summary (list all comparisons from MYP-2, MYP-3, MYP-4 exhibits).

(MYP, page 4 of 7)

Exhibit MYP-2, Total Program Funding Plan					Date
Appropriation (Treasury) Code/CC/BA/BSA/Item Control No		P-1 Line Item Nomenclature			
	Budget Year 1	Budget Year 2	Budget Year 2+1	Budget Year 2+2	Budget Year 2+3
Annual Procurement					
Proc Qty					
Gross Cost					
Less PY Adv Proc					
Net Proc (= P-1)					
Plus CY Adv Proc					
Multiyear Proc					
Proc Qty					
Gross Cost (P-1)					
Less PY Adv Proc					
Plus CY Adv Proc					
Net Proc					
Multiyear Savings (\$)					
Multiyear Savings (%)					
OUTLAYS					
Annual					
Multiyear					
Savings					
Remarks					

This chart will compare the funding for the annual proposal and the multiyear proposal. If there are multiple MYPs proposed for the same line item, the annual program should reflect only annual procurements and the multiyear program should reflect funding for all the proposed multiyear programs.

P-1 Shopping List - Item No 20-X

Page No xxx
Exhibit MYP-2, Total Program Funding Plan

(MYP, page 5 of 7)

Exhibit MYP-3, Contract Funding Plan				Date
Appropriation (Treas) Code/CC/BA/BSA/Item Control No		P-1 Line Item Nomenclature		
	Budget Year 1	Budget Year 2	Budget Year 2+1	Budget Year 2+2
Annual Procurement				
Proc Qty				
Gross Cost				
Less PY Adv Proc				
Plus CY Adv Proc				
Net Proc (=P-1)				
Multiyear Proc				
Proc Qty				
Gross Cost				
Less PY Adv Proc				
Plus CY Adv Proc				
Net Proc (=P-1)				
Multiyear Savings				
OUTLAYS				
Annual				
Multiyear				
Savings				
Remarks				

This chart will compare the funding for the annual proposal and the multiyear proposal for the multiyear contract.. The total TOA difference on this chart will agree with the cost avoidance over annual line on Exhibit MYP-2 for each MYP contract.

Exhibit MYP-4 Present Value Analysis					Date
Appropriation (Treas) Code/CC/BA/BSA/Item Control No					P-1 Line Item Nomenclature
	Budget Year 1	Budget Year 2	Budget Year 2+1	Budget Year 2+2	Budget Year 2+3
Annual Proposal					
Then Year Cost					
Constant Year Cost					
Present Value					
Multiyear Proc					
Then Year Cost					
Constant Year Cost					
Present Value					
Difference					
Then Year Cost					
Constant Year Cost					
Present Value					
Multiyear Savings (\$)					
Multiyear Savings (%)					
Remarks					
This exhibit will be prepared for the contract values. Then year costs will agree with the outlay amounts contained on MYP-3.					
Constant costs will be expressed in budget year costs unless specified otherwise in the memorandum requesting submission of the budget.					
Present value analysis will be calculated in accordance with DoD Instruction 7041.3.					

P-1 Shopping List - Item No 20-X

Page No xxx
Exhibit MYP-4, Present Value Analysis

Comparison of FY 19CY Program Requirements as Reflected in FY 19CY Budget Request
with FY 19CY Program Requirements as shown in FY 19BY Budget Request

	(TOA, \$ in Millions)	Increase (+) or Decrease (-)
Total Program Requirements Per 19CY Budget*	Program Requirements Per 19BY1 Budget*	

Combat Aircraft		
Airlift Aircraft		
Trainer Aircraft		
Other Aircraft		
Modification of In-Service Aircraft		
Aircraft Spares and Repair Parts		
Aircraft Support Equipment and Facilities		
Reimbursable Program		
Total Fiscal Year Program		

Explanation by Budget Activity

1. Combat Aircraft

Explain. Include quantity and funding in explanation.

2. Airlift Aircraft

Explain. Include quantity and funding in explanation.

Instructions: For the second year of the biennial budget, the comparisons will be between BY1 and BY2. For example, in submitting the FY 1998/FY 1999 President's budget request, this exhibit is required as follows:

FY 1997: Compare FY 1997 in the FY 1997 PB request to FY 1997 in the FY 1998/FY 1999 PB request.

FY 1998: Compare FY 1997 in the FY 1998/FY 1999 PB to FY 1998 in the FY 1998/FY 1999 PB.

FY 1999: Compare FY 1998 to FY 1999 in the FY 1998/FY 1999 PB.

Exhibit PB-32B, Comparison of FY 19CY Program Requirements

Major Defense Acquisition Program (MDAP)
Program Elements (PE) to Procurement Line Items Cross-Track Data

Each Component must submit for each designated MDAP/pre-MDAP an automated data base that maps the FYDP Program Elements (PEs) to Procurement Line Items (PLIs or PALIs) and identifies their common funding and quantity. This FYDP PE-to-PALI Cross-Track data base must reconcile to the Budget Estimates Submission/President's budget Procurement Annex and FYDP data bases and the supporting congressional justification material. The PE to PALI (PE-PALI) Cross-Track data base should be submitted for past year (PY), current year (CY), budget years (BY1 and BY2), and FYDP years (BY2+1 thru BY2+4), and should be formatted as specified below. The PE-to-PALI Cross-Track quantity and funding data should be submitted as 2 flat ASCII files on either a 5 1/4 or 3 1/2 inch floppy, high or double density disk and submitted directly to OUSD(A&T), Steve Dratter, Room 1E474, 697-8020.

CROSS-TRACK

<u>DATA</u>	<u>COLUMNS</u>
PE: Major Force Program	1:2
PE: PE ID	3:7
PE: Service Code	8:10
PLI/PALI: Treasury Code (Appropriation Code)	11:14
PLI/PALI: PLI/PALI Department Code	15:15
PLI/PALI: Budget Activity Code	16:17
PLI/PALI: Budget Sub Activity Code	18:19
PLI/PALI: PLI/PALI ID	20:29
PNO (Program number identified on attached listing of required MDAPs)	30:32
FY	33:36
Budget/Funding (in thousands)	37:46
Quantity	47:56

Formatting Guidelines:

1. Columns 1 thru 10 make up the complete PE number.
2. Columns 11 thru 29 make up the complete PLI/PALI number.
3. Left justify Service Codes and PLI/PALI ID.
4. Right justify Dollars and Quantities and **DO NOT** use commas.
5. FY should be formatted as 1996, 1997, etc.
6. Data are requested for PY thru BY2+4 (eg. FY 1996 - 2003).
7. All alphanumeric characters are to be in UPPERCASE.

MDAP Program Elements to Procurement Line Items Cross-Track Data

(PE to Procurement Line Crosstrack, page 1 of 2)

FYDP Cross-Track

Cross-tracks between submissions must be provided whenever PE or PLI/PALI structures have changed (e.g., if a program's funding appears in a new or different PE/PLI/PALI) from the previous President's budget submission. The Components must submit to the OUSD(A&T) automated cross-track data bases for the FYDP Procurement Annexes that allow direct comparisons of PLIs/PALIs.

Old PLI/PALI to New PLI/PALI Crosswalk Data: A data file containing only those Procurement Line Items (PLIs or PALIs) which have been renumbered since the last submission of the FYDP/Procurement Annex must be submitted. It is to be submitted as a flat ASCII file on either a 5 1/4 or 3 1/2 inch floppy, high or double density disk to OUSD(A&T), Room 1E474.

OLD TO NEW PLI

<u>DATA</u>	<u>COLUMNS</u>
PLI: Old Treasury Code	1:4
PLI: Old Department Code	5:5
PLI: Old Budget Activity Code	6:7
PLI: Old Budget Sub Activity Code	8:9
PLI: Old PLI Identifier	10:19
PLI: Old PLI Name	20:64
PLI: New Treasury Code	65:68
PLI: New Department Code	69:69
PLI: New Budget Activity Code	70:71
PLI: New Budget Sub Activity Code	72:73
PLI: New PLI Identifier	74:83
PLI: New PLI Name	84:128

(PE to Procurement Line Crosstrack, page 2 of 2)

CHAPTER 5
RESEARCH, DEVELOPMENT, TEST AND EVALUATION
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CHAPTER 5

RESEARCH, DEVELOPMENT, TEST AND EVALUATION APPROPRIATIONS

0501 GENERAL

050101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for Research, Development, Test, and Evaluation (RDT&E) appropriations.

B. The following appropriations and accounts are included in these regulations:

- RDT&E, Army (2040A)
- RDT&E, Navy (1319N)
- RDT&E, Air Force (3600F)
- RDT&E, Defense-Wide (0400D)
- Developmental Test and Evaluation, Defense (0450D)
- Operational Test and Evaluation, Defense (0460D)

050102 Submission Requirements

General guidance on submission requirements is in Chapter 1. Chapter 5 provides additional specific requirements on justification material for the above appropriations and accounts. The above appropriations and accounts shall also submit applicable exhibits required by other chapters in the FMR *including those in Chapter 19 - Special Analyses and the civilian personnel exhibits in Chapter 3 - Operation and Maintenance. The Components will also submit any exhibits required by OMB Circular A-11, Preparation and Submission of Budget Estimates.*

050103 Major Defense Acquisition Programs (MDAP)

MDAP Automated Submission. In order to provide consolidated funding information on DoD's major acquisition programs, automated data submissions are required to provide the approved funding level for each MDAP. These programs include all Acquisition Category (ACAT) ID, ACAT IC, and pre-MDAP designated programs. For joint programs, the lead service/agency is to coordinate the reporting effort, but each Service and Defense Agency involved in the program is responsible for reporting the portion of the program that it funds. In an annual memorandum (usually published in mid-summer), the USD(A&T) will identify the MDAPs required for submission.

Specific data format instructions are included in Section 050502. These are similar to the automated submissions currently required by the POM Preparation Instructions (PPI) for the POM submission. The required automated submissions should be on 5 1/4 or 3 1/2 inch floppy, high or double density disks and delivered directly to OUSD(A&T), Room 1E474 (POC: Mr. Steve Dratter, telephone (703) 697-8020). The submission should agree with data submitted to the OUSD(Comptroller) for the FYDP and associated annexes. The final submission must agree with the supporting justification material submitted to the Congress.

050104 Preparation of Material

General guidance on format and preparation of material is presented in Chapter 1. Chapter 5 provides additional specific requirements on justification material required for RDT&E appropriations.

050105 References

Section 010210 provides policies and definitions concerning costs that are to be financed by the RDT&E appropriations as opposed to other appropriations in the R&D area.

0502 UNIFORM BUDGET AND FISCAL
ACCOUNTING CLASSIFICATION

050201 RDT&E Budget Activities and Research
and Development Categories

A. Budget Activity 1 and Research Category 6.1, Basic Research. Include all effort of scientific study and experimentation directed toward increasing knowledge and understanding in those fields of the physical, engineering, environmental, and life sciences related to long-term national security needs. It provides farsighted, high payoff research, including critical enabling technologies that provide the basis for technological progress. It forms a part of the base for (a) subsequent applied research (exploratory development) and advanced technology developments in Defense-related technologies, and (b) new and improved military functional capabilities in areas such as communications, detection, tracking, surveillance, propulsion, mobility, guidance and control, navigation, energy conversion, materials and structures, and personnel support. Program Elements in this category would involve pre-Milestone Zero efforts.

B. Budget Activity 2 and Research Category 6.2, Applied Research (formerly, Exploratory Development). This activity translates promising basic research into solutions for broadly defined military needs, short of major development projects. This type of effort may vary from fairly fundamental applied research to sophisticated bread-board hardware, study, programming and planning efforts that establish the initial feasibility and practicality of proposed solutions to technological challenges. It includes studies, investigations, and nonsystem specific development efforts. The dominant characteristic of this category of effort is that it be pointed toward specific military needs with a view toward developing and evaluating the feasibility and practicability of proposed solutions and determining their parameters. *Applied Research (Exploratory Development)* precedes the system specific research described in DoDD 5000.1. Program control of the *Applied Research (Exploratory Development)* element will normally be exercised by general level of effort. Program Elements in this category would involve pre-Milestone Zero efforts.

Budget Activity 3 and Research Category 6.3A, Advanced Technology Development (formerly, Advanced Development). Include all efforts that have moved into the development and integration of hardware for field experiments and tests. The results of this type of effort are proof of technological feasibility and assessment of operability and productivity rather than the development of hardware for service use. Projects in this category have a direct relevance to identified military needs. *Advanced Technology Development* is system specific (particularly for major platforms, i.e., aircraft, ships, missiles and tanks, etc.) and includes advanced technology development that is used to demonstrate the general military utility or cost reduction potential of technology when applied to different types of military equipment or techniques. *Advanced Technology Development* also includes evaluation and synthetic environment and proof-of-principle demonstrations in field exercises to evaluate system upgrades or provide new operational capabilities. Program Elements in this category would involve pre-Milestone I efforts. Projects in this category do not necessarily have to lead to subsequent development or procurement phases, however, program/budget justification must identify potential rough order of magnitude estimates of additional development and production costs consistent with the Department's full funding policy.

D. Budget Activity 4 and Research Category 6.3B, Demonstration and Validation. The demonstration and validation (Dem/Val) phase includes all efforts necessary to evaluate integrated technologies in as realistic an operating environment as possible to assess the performance or cost reduction potential of advanced technology. The Dem/Val phase is system specific and also includes advanced technology demonstrations that help expedite technology transition from the laboratory to operational use. Program Elements in this category would involve efforts between Milestone I and Milestone II. A logical progression of program phases and (development and/or production) funding must be evident in the FYDP.

E. Budget Activity 5 and Research Category 6.4, Engineering and Manufacturing Development (EMD). Include those projects in engineering and manufacturing development for Service use but which have not received approval for full-rate production. This area is characterized

by major line item projects and program control will be exercised by review of individual projects. Engineering Development includes engineering and manufacturing development projects consistent with the definitions within DoDD 5000.1. Program Elements in this category would involve efforts between Milestone II and Milestone III. A logical progression of program phases and (development and/or production) funding must be evident in the FYDP consistent with the Department's full funding policy.

F. Budget Activity 6 and Research Category 6.5, RDT&E Management Support. Include research and development effort directed toward support of installations or operations required for general research and development use. Included would be test ranges, military construction, maintenance support of laboratories, operation and maintenance of test aircraft and ships, and studies and analyses in support of the R&D program. Costs of laboratory personnel, either in-house or contractor operated, would be assigned to appropriate projects or as a line item in the Basic Research, *Applied Research*, or *Advanced Technology Development* program areas, as appropriate. Military construction costs directly related to a major development program will be included in the appropriate element.

G. Budget Activity 7 and Research Category 6.6, Operational System Development. Includes those development projects, in support of development acquisition programs or upgrades, still in engineering and manufacturing development (DoDD 5000.1) but which have received approval for production through DAB or other action, or production funds have been included in the DoD budget submission for the budget or subsequent fiscal year. All items in this area are major line item projects that appear as RDT&E Costs of Weapon System Elements in other programs. Program control will be exercised by review of individual projects. Program Elements in this category would involve efforts that involve post-Milestone III. A logical progression of program phases and (development and/or production) funding must be evident in the FYDP, consistent with the Department's full funding policy.

0503 BUDGET ESTIMATES SUBMISSION

050301 Purpose

A. This Section prescribes instructions for the preparation and submission of the budget estimates for the RDT&E appropriations.

B. Unless otherwise specified, these instructions apply to all RDT&E appropriations and to all budget estimates. Data submitted must be consistent with the budget estimates being supported.

050302 Submission Requirements

A. *Classification.* The budget justification material should be unclassified. All classified material should be submitted separately.

B. Research and Development Project Listing

1. Project Listings will be submitted to provide specific data in support of the budget submission. An R&D project is defined as a grouping of tasks or efforts directed toward a single end result. As such, a project will contain an effort unique to a single program element and the budget activity of which that element is a part.

2. Project Listings will contain the following information arranged according to program structure:

a. Project title and number.

b. Budget activity designation for each project and program element. Appropriate security classification coding should be included as part of each program element title listed.

c. TOA for the past fiscal year (PY), the current fiscal year (CY), the budget years (BY1 and BY2), and the next four years (BY2+1 through BY2+4).

d. Data entries for each project and fiscal year for the previous President's budget request, the POM submission, and the current budget estimate submission.

e. R&D Project Listings will include totals by (1) Program Element, (2) Budget Activity, and (3) Appropriation.

3. Project Listings will be submitted in the number of copies identified in Section 010302 and will be marked with a statement that the document is not releasable to non-DoD personnel without approval of the originating office.

4. Two sets of project listings arranged in budget activity, program element, project order will be provided directly to the OUSD(C) P/B Investment Directorate (Room 4B915).

5. Each Component will provide 3 copies of a computer run that compares the current OSD/OMB budget estimates submission to the previous President's budget submission and identifies the changes for each RDT&E appropriation by R-1 line item and by project. The report should also identify appropriation and budget activity totals for each fiscal year for the PY through BY2+4 timeframe. The totals for the appropriation and budget activities should also compare the current budget estimates submission to the previous President's budget and provide the applicable changes. If a line item has more than one project then a comparison total should be provided at the project level, the R-1 line item as well as at the budget activity total level and the appropriation level. The Components will also provide this same information in an Excel or Lotus 123 spreadsheet on a 5 1/4 or 3 1/2 inch floppy, high or double density diskette. The diskette should be labeled with the appropriation being submitted, Component name, file name, classification, and the name of a point of contact along with a telephone number. These reports and spreadsheets must match the hard copy justification material being submitted for the OSD/OMB budget review. It is preferred that these reports and diskettes be unclassified. If it is necessary to submit classified data then it should be submitted in a separate report and on a separate file. The unclassified report must match the total for the appropriation/account being submitted. These comparison reports and diskettes should be provided directly to OUSD(C), Director for Investment, Room 4B915, on September 15th along with the rest of the Component's justification material for the budget estimates submission.

C. Exhibit R-1 RDT&E Programs (See Section 0505)

D. RDT&E Budget Item Justification Book

1. The first page under the cover (page i) will be a "fly leaf" page with the heading "Budget Justification for Program Elements of the (Component) Research and Development Program." Under this heading, on a separate line, print "FY-19BY1/19BY2," and under this on a separate line, print month and year prepared, such as "September 1996." Follow with a narrative describing the contents.

2. Table of contents (pages ii..., vi..., x..., etc.), organized in budget activity/program element sequence (R-1 order). A second listing of program elements sorted alphabetically shall also be included. *Each of these listings must include the program element number, program element title, R-1 line item number and the appropriate page number. For those Components that have a large number of PEs and printing the material all in one volume is impractical, it is preferred that the justification material be submitted by budget activity with the Science and Technology budget activities (BA 1 through BA 3) printed in one volume and the remaining budget activities printed in a separate volume or in individual volumes. Each separate book should include an R-1 listing and a table of content indicating which volume and page the applicable program element can be found.*

3. R-exhibits shall be included for each program element as required in Section 0505. Format and detailed instructions for preparation of R-exhibits are provided in Section 0505. The required exhibits shall be packaged in the following order, as applicable: R-2 (PE 1), R-2 (PE 1, Project A), R-3 (PE 1, Project A), R-2 (PE 1, Project B), R-3 (PE 1, Project B), etc. *If the justification material is printed double sided, then each PE package must begin on the front side of a new page. When the last page of a PE package does not end on the backside of the paper, then a blank page must be inserted with the wording "This page intentionally left blank" in bold letters, centered on the page. The reason for this is so that the justification material can be easily broken apart and sorted by PE with all of the pertinent exhibits.*

a. R-2 exhibits shall be included for each RDT&E program element funded in the current (CY) or budget years (BY1 and BY2). All funding associated with each major

system new start shall be identified in a unique Program Element. Care should be taken to see that exhibits are clear and concise. Abbreviations shall be identified on the page on which they occur. Security classifications will be in accordance with Section 010108. Format and detailed preparation instructions for preparation of this exhibit are provided in Section 0505.

b. Exhibit R-3 RDT&E Program Element/Project Cost Breakdown (See Section 0505)

E. Facilities Exhibit. For major improvements to and construction of government-owned facilities funded by RDT&E, a DD Form 1391, Military Construction Project Data, will be provided separately for each budget year project and any PY or CY projects not previously reported for proposed government-owned facilities. A DD Form 1391 is required to support the lump-sum estimate for minor construction. These exhibits will be fastened together and a copy will be provided to the OUSD(C) P/B Investment Directorate (4B915) and to the Military Construction Directorate (3D840).

F. Exhibit R-32. Coincident with the submission of justification material to support the Budget Estimates Submission, the R-32 exhibit is required to identify purchases from the DBOF for each RDT&E appropriation. One copy is to be provided directly to the OUSD(C) P/B Investment Directorate (4B915) and one copy is to be provided directly to the OUSD(C) P/B Revolving Funds Directorate (3B866).

G. Exhibit 44-C. OMB Circular No. A-11 has incorporated the requirements for this research and development exhibit into the automated MAX schedule C. Subsequent instruction will be provided by the Director for Investment, OUSD(C) regarding the specific requirements for this submission to OMB's MAX system.

H. Project Comparison Reports. Project comparison reports and diskettes will be submitted directly to OUSD(C) P/B Investment Directorate (4B915). Specific requirements are identified in Section 050302, paragraph B.5.

0504 CONGRESSIONAL JUSTIFICATION/PRESENTATION

050401 Purpose

This Section presents the justification book organization and the exhibit requirement for submission to Congress. Preferred formats for the budget exhibits can be found in Section 0505.

050402 Organization of Justification Books

A. Justification material will be organized into one volume entitled

Supporting Data for Fiscal Year
19BY1/19BY2 Budget Estimates
RDT&E Budget Item Justification

B. This volume will be divided into two sections, organized as shown below:

1. Section I - R-exhibits.

a. The first page under the cover (page i) will be a "fly leaf" page with the heading "Budget Justification for Program Elements (PE) of the (Component) Research and Development Program." Under this heading, on a separate line, print "FY 19BY1/19BY2," and under this on a separate line, print month and year prepared, such as "February 1997." Follow with a narrative describing the contents (See Exhibit R-33, Section 0505).

b. Table of contents (pages ii..., vi..., x..., etc.), organized in budget activity/program element sequence (R-1 order). A second listing of program elements sorted alphabetically shall also be included. *Each of these listings must include the program element number, program element title, R-1 line item number and the appropriate page number.*

c. *A copy of the OSD-generated R-1 report must be included.*

d. RDT&E exhibits shall be formatted, detailed, and included for each program element as required in Section 0505. The required exhibits shall be packaged in the following order, as applicable: R-2 (PE 1), R-2 (PE 1, Project A), R-3 (PE 1, Project A), R-2 (PE 1, Project B), R-3 (PE 1, Project B), etc.

2. Section II - Facilities Exhibits.

For major improvements to and construction of government-owned facilities funded by RDT&E, a DD Form 1391, Military Construction Project Data, will be included in this section for each project in the budget years and any PY or CY projects not previously reported for proposed government-owned facilities. A DD Form 1391 is required to support the lump-sum estimate for minor construction included in part 3 of this section. This estimate will continue to be a contingency estimate based on past experience as related to the budget year program.

C. *Classification. The budget justification material should be unclassified. All classified material should be submitted separately.*

D. *Printing of Congressional Justification Books for the RDT&E appropriations will be printed as follows:*

1. *See Chapter 1 Section 0104 for specific printing instructions.*

2. *Since the justification material is printed double sided, then each PE package must begin on the front side of a new page. When the last page of a PE package does not end on the backside of the paper, then a blank page must be inserted with the wording "This page intentionally left blank" in bold letters, centered on the page. The reason for this is so that the justification material can be easily broken apart and sorted by PE with all of the pertinent exhibits.*

3. *For those Components that have a large number of PEs and printing the material all in one volume is impractical, it is preferred that the justification material be submitted by budget activity with the Science and Technology budget activities (BA 1 through BA 3) printed in one volume and the remaining budget activities printed in a separate volume or in individual volumes. Each separate book should include an R-1 listing and a table of content indicating which volume and page the applicable program element can be found.*

050403 Comparison Reports

A. *Each Component will provide 3 copies of a computer run that compares the current President's budget submission to the previous President's budget submission and identifies the changes for each RDT&E appropriation by R-1 line*

item and by project. The report should also identify appropriation and budget activity totals for each fiscal year for the PY through BY2+4 timeframe. The totals for the appropriation and budget activities should also compare the current President's budget submission to the previous President's budget and provide the applicable changes. If a line item has more than one project then a comparison total should be provided at the project level, the R-1 line item as well as at the budget activity total level and the appropriation level. The Components will also provide this same information in an Excel or Lotus 123 spreadsheet on a 5 1/4 or 3 1/2 inch floppy, high or double density diskette. The diskette should be labeled with the appropriation being submitted, Component name, file name, classification, and the name of a point of contact along with a telephone number. These reports and spreadsheets must match the hard copy justification material being submitted to the Congress. It is preferred that these reports and diskettes be unclassified. If it is necessary to submit classified data, then it should be submitted in a separate report and on a separate file. The unclassified report must match the total for the appropriation/account being submitted.

B. These comparison reports and diskettes should be provided directly to OUSD(C), Director for Investment, Room 4B915, when the Component has finalized its project listing for the current President's budget submission but no later than when the justification material receives final approval from the OUSD(C) for submission to the Congress.

050404 Defense Technical Information Center (DTIC)
Requirements

A. The Defense Technical Information Center (DTIC) will make all unclassified RDT&E budget justification material available to the public over the World Wide Web. The Military Departments and Defense Agencies will provide DTIC with electronic files of their unclassified RDT&E budget justification material within 2 weeks after the budget justification material is delivered to the Congress. For those budget exhibits containing classified information, the Military Departments and Defense Agencies will remove the classified information from the electronic files (using procedures approved by their local ADP security officers), insert the words "[classified material deleted]", and provide the sanitized electronic files to DTIC within 2 weeks after the budget justification material is delivered to the Congress.

B. The electronic files may be in either Word or Word Perfect format and may be provided to DTIC on either 3-1/2 inch or 5-1/4 inch diskettes. The diskettes, along with a paper copy printout of their contents, should be mailed or hand-delivered to:

Defense Technical Information Center (DTIC)
Program Analysis Branch (DTIC-APP)
ATTN: Mr. Scott Douglas
8725 John J. Kingman Road, Suite 1940
Fort Belvoir, Virginia 22060-6218

C. Before providing the electronic files to DTIC, the program element number and title should be inserted at the beginning of each file in the following format:

PE NUMBER: (2 spaces) 0604256N
PE TITLE: (2 Spaces) Threat Simulator
Development

If the justification material for program element consists of several files, a directory should be created on the diskette containing all the files for that program element. More than one directory may be on a single diskette.

Questions concerning the preparation of the electronic files may be addressed to Mr. Scott Douglas, DTIC, telephone (703) 767-9142.

0505 RDT&E APPROPRIATION SUBMISSION
FORMATS

050501 Purpose

The formats provided on the following pages reflect requirements presented in previous sections of this chapter. *Formats currently being used within each Service and Defense Agency may be used in lieu of the formats contained in Section 050502 as long as all of the information required by the exhibits in Section 050502 is provided. With this exception and unless modified in an Office of the Under Secretary of Defense (Comptroller) budget submission memorandum, the formats in these exhibits shall be adhered to.*

050502 Exhibits in Support of Section 0503 - Budget Estimates Submission

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R-2, RDT&E Budget Item Justification.....	12
R-3, RDT&E Program Element/Project Cost Breakdown.....	16
R-32, RDT&E Purchases from DBOF	22
R-33, Program Element Comparison Summary	25
MDAP RDT&E Project Level (PL) Data	27

050503 Exhibits in Support of Section 0504 - Congressional Justification

R-1, RDT&E Programs	10
R-2, RDT&E Budget Item Justification.....	12
R-3, RDT&E Program Element/Project Cost Breakdown.....	16
R-33, Program Element Comparison Summary	25
MDAP RDT&E Project Level (PL) Data	27

Exhibit R-1, RDT&E Programs

Department of the _____

Appropriation: _____

Date: _____

R-1 Line <u>Item No</u>	Program Element <u>Number</u>	<u>Item</u>	Budget Activity	Past Year <u>Cost</u>	<u>TOA, \$ in Millions</u>			Budget Year 2 <u>Cost</u>
					Current Year <u>Cost</u>	Budget Year 1 <u>Cost</u>		

Exhibit R-1, RDT&E Programs
(Exhibit R-1, page 1 of 2)

Instructions - Exhibit R-1, RDT&E Programs

I. General.

A. Unless otherwise specified, this format will be used to present the Research, Development, Test and Evaluation (RDT&E) program to:

1. The Office of the Under Secretary of Defense (Comptroller), in support of the OSD/OMB budget review.
2. The Congress, in support of the President's budget request.

II. RDT&E Line Item Content.

A. The basic document for presenting RDT&E requirements is the Exhibit R-1, RDT&E Programs, provided to the Congress as supporting justification for budget requests. The R-1 line items are program elements, which define a development effort with specific design, cost, schedule and capability parameters. All costs of basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, and lease/operation of facilities and equipment will be included in appropriate R-1 line items.

B. The R-1 exhibit will contain the following information:

1. Program element title and number. Appropriate security classification coding should be included as part of each program element title listed. All classified material should be bracketed.
2. Line items will be arranged in ascending program element order within each budget activity (research category).
3. Approved funding for the past year (PY), the current year (CY), budget year 1 (BY1), and BY2.
4. Summaries by (1) Budget Activities and (2) FYDP Programs.

(Exhibit R-1, page 2 of 2)

Exhibit R-2, RDT&E Budget Item Justification										Date: Month/Year
APPROPRIATION/BUDGET ACTIVITY		R-1 ITEM NOMENCLATURE								
		Program Element (PE) Name and No.								
		FY PY	FY CY	FY BY1	FY BY2	FY BY2 + 1	FY BY2 + 2	FY BY2 + 3	FY BY2 + 4	Total Cost
COST (\$ in Millions)										
Total PE Cost										
Project A Name/No. & subtotal cos										
Project A Name/No. & subtotal cos										
Project A Name/No. & subtotal cos										
Quantity of RDT&E Articles										
<p>A. Mission Description and Budget Item Justification Provide a description of the program and narrative justification for the PY, CY, BY1, and BY2. Provide a justification for budget activity assignment of the program element. Provide an acquisition strategy.</p>										
<p>B. Program Change Summary</p> <div style="display: flex; justify-content: space-between;"> <div> <p>FY(CY) President's budget Appropriated Value Adjustments to Appropriated Value</p> <p>a. b.</p> <p>FY(BY1) BES/President's budget request</p> <p>Change Summary Explanation: (Total Program Element or Project, as applicable. Use a continuation page as necessary.) Funding: (Total Program Element or Project, as applicable) Schedule: (Total Program Element or Project, as applicable) Technical: (Total Program Element or Project, as applicable)</p> <p>The R-2 exhibit must be consistent with the R-1 and the R-3 exhibits.</p> </div> <div> <p>PY</p> <p>CY</p> <p>BY1</p> <p>BY2</p> <p>Total Cost</p> </div> </div>										

Exhibit R-2, RDT&E Budget Item Justification										Date:	Month/Year																																		
APPROPRIATION/BUDGET ACTIVITY										R-1 ITEM NOMENCLATURE																																			
										Program Element (PE) Name and No.																																			
Cost (\$ in Millions)	FY PY	FY CY	FY BY1	FY BY2	FY BY2 +1	FY BY2 +2	FY BY2 +3	FYBY2 + 4	Cost to Complete	Total Cost																																			
Total PE Cost																																													
Project A Name/No. & subtotal cost																																													
Quantity of RDT&E Articles																																													
<p>C. Other Program Funding Summary</p> <p>PY CY BY1 BY2 BY2+1 BY2+2 BY2+3 BY2+4 To Complete Total Cost</p> <p>P-1 Procurement Line Item No, Name. Provide related funding detail as indicated. Use a continuation page as necessary.)</p> <p>C-1 Milcon Project No, Name.</p> <p>Related RDT&E: List PE numbers and names. It is not necessary to include the related RDT&E funding profile unless there is a funding dependency between the RDT&E program.</p> <p>D. Schedule Profile</p> <p>List planned events from the milestone chart and show beginning and ending times by quarter (identify the specific month if possible) The program's milestone chart can be submitted in lieu of this section.</p> <table border="0"> <tr> <td></td> <td colspan="4">PY</td> <td colspan="4">CY</td> <td colspan="4">BY1</td> <td colspan="4">BY2</td> </tr> <tr> <td></td> <td>1</td><td>2</td><td>3</td><td>4</td> <td>1</td><td>2</td><td>3</td><td>4</td> <td>1</td><td>2</td><td>3</td><td>4</td> <td>1</td><td>2</td><td>3</td><td>4</td> </tr> </table> <p>Engineering Milestones</p> <p>T&E Milestones</p> <p>Contract Milestones</p> <p>Other Program Events</p> <p>Other Program Events. Include other programs progress events so that at least three milestones and events are shown in each year. Include all acquisition program baseline events for the 4 fiscal years indicated.</p> <p>Provide a list, with estimated fiscal year and quarter, of all planned major milestones and test and evaluation events, such as LRIP approval, Milestone III, IOC, Developmental Test and Evaluation, and Operational Test and Evaluation that are beyond FY2.</p>													PY				CY				BY1				BY2					1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
	PY				CY				BY1				BY2																																
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4																													

Instructions - Exhibit R-2, RDT&E Budget Item Justification

General: An Exhibit R-2 shall be prepared for each R-1 line item in the format illustrated. One or more R-2 pages shall be prepared for each project within a program element. These pages shall be printed on 8 1/2 by 11 inch paper in landscape format.

Classification: Each page shall be marked in the center at the top and bottom with the classification of that page. Classified material shall be bracketed. The total program element page shall be marked with the highest level of classification of pages associated with that program element. If this total program element page includes only unclassified information, it shall be further marked, "Unclassified upon removal of attachments."

Date: Include the month and year of submission of the exhibit.

Appropriation/Budget Activity: The Service or Agency appropriation and the budget activity shall be identified.

R-1 Item Nomenclature: The name of the R-1 line item shall be identified.

Program Element Number: The OSD approved number of the program element shall be identified.

Project Number and Nomenclature: The project number and nomenclature shall be identified on each separate project R-2 page.

Resource Summary: The total program element R-2 page shall include a fiscal resource summary total for the program element and, if there is more than one project in that program element, a fiscal resource summary for each project in that program element. Each project R-2 page shall include a resource summary for that project. If program element restructuring and project realignment diminish the value of cumulative fiscal resource information for FY PY, this column shall be footnoted with an explanation of the program elements that were restructured and realigned. If this program element represents continuing similar efforts without distinct program or project initiations and completions, the "To Complete" and "Total Program" columns shall be marked "Continuing." *Include the quantity of RDT&E articles that is being procured each year. Be prepared to show the cost, by fiscal year, associated with the procurement of the end items.*

A. Mission Description and Budget Item Justification: The total program element R-2 page shall include a description and justification of the efforts included in the program element. Each project R-2 page shall include a description and justification of the efforts of the project. Project justification narratives shall be included for the past year (PY), the current year (CY), and the budget year 1 (BY1) and BY2. Project justification narratives shall be in a bulletized format. At least three, and preferably more, activities shall be identified for each project in each fiscal year. Identify the funding associated with each of these activities in the bulletized narrative. The total of funding reflected in the bulletized narratives should match the total of project funding. *At the end of the bulletized narratives, identify the forecasted beginning and ending timeframe that the funds will be obligated.*

Justification for Budget Activity Assignment: The total program element R-2 page shall include a justification for the assignment of that program element to the budget activity indicated on the page.

Acquisition Strategy: An explanation of acquisition, management, and contracting strategies shall be provided for each project.

(Exhibit R-2, page 3 of 4)

Exhibit R-2 Instructions (Continued)

B. Program Change Summary: If there have been changes to total program element or project funding, schedule, or technical parameters since the previous *President's* budget submission, the R-2 exhibit shall include a concise narrative summary explanation of changes in total program element or project funding, schedule, or technical parameters since the previous budget submission shall be provided. This explanation may repeat or refer to the more detailed information provided in the other budget exhibits for the program or project. Also, this explanation may refer to more detailed reports or other documentation that may be available.

C. Other Program Funding Summary: Development projects often lead to subsequent development phases, production, and military construction. Also, some projects may depend on concurrent development in other projects. These related efforts and the funding profiles for other appropriation efforts shall be identified by appropriation, budget activity, R-1 line item and program element, and P-1 line item title and number. If there are funding dependencies among related research, development, test, and evaluation programs, then the funding profiles for these related programs shall be included.

D. Schedule Profile: For acquisition programs, actual or planned event information shall be provided for each of the 4 fiscal years (PY, CY, BY1, BY2) shown on each project R-2 exhibit. Actual events shall be marked with an asterisk. At least three events shall be provided in each year, and all acquisition program baseline events in the 4 years displayed shall be included. A list, with estimated fiscal year and quarter, of all planned major milestones and test and evaluation events, such as LRIP approval, Milestone III, IOC, Developmental Test and Evaluation, and Operational Test and Evaluation that are beyond BY2 shall be provided. The same events shall be retained from one budget submission to the next so that project progression can be seen as each succeeding budget submission advances into subsequent years. For non-acquisition programs, meaningful data should be provided. *The program's milestone chart can be submitted in lieu of this section as long as the information required by this section is included.*

Continuation pages may be used as necessary.

R-1 Item Number: The R-1 item number shall be identified.

Page: The exhibit page number and total number of exhibit pages associated with a particular R-1 item shall be identified.

(Exhibit R-2, page 4 of 4)

Exhibit R-3, RDT&E PROGRAM ELEMENT/PROJECT COST BREAKDOWN		Date: Month/Year
APPROPRIATION/BUDGET ACTIVITY	R-1 ITEM NOMENCLATURE/PE No/Project No	
A. <u>Project Cost Breakdown</u>	<u>FY PY</u>	<u>FY BY1</u> <u>FY BY2</u>
<p>Project Cost Categories</p> <p>Cost Categories: Sample cost categories are shown in the R-3 instructions that are typical of various types of defense research and development efforts. Costs shall be distributed among categories in accordance with the project work breakdown structure used by the project office in project execution. The illustrated sample cost categories may be used if these correspond to the project work breakdown execution. Sample cost categories not used in project execution need not be included in the exhibit for that project.</p> <p>a.</p> <p>b.</p> <p>c.</p> <p>Total (must match fiscal resources shown on the R-2 for the project)</p>		

Page No xxx

R-1 Shopping List - Item No 20-X

Exhibit R-3, RDT&E Program Element/Project Cost Breakdown
(Exhibit R-3, page 1 of 6)

Exhibit R-3, RDT&E PROGRAM ELEMENT / PROJECT COST BREAKDOWN										Date: Month/Year
APPROPRIATION/BUDGET ACTIVITY										R-1 ITEM NOMENCLATURE PE NUMBER/PROJECT NUMBER
B. Budget Acquisition History and Planning Information										
<u>Performing Organizations</u>										
Contractor or Government Performing Activity	Contract Method/Type or Funding Vehicle	Award or Obligation Date	Performing Activity EAC	Project Office EAC	Total Prior to PY	PY	CY	BY1	BY2	Total Program
Actual or Budget Value (\$ in millions, to 3 decimal places)										
Product Development Organizations (List each organization separately)										
Support and Management Organizations (List each organization separately)										
Test and Evaluation Organizations (List each organization separately)										
<u>Government Furnished Property</u>										
Contract Method/Type or Funding Vehicle	Award or Obligation Date	Delivery Date	Total Prior to PY	PY	CY	BY1	BY2	To Complete	Total Program	
Actual or Budget Value (\$ in millions, to 3 decimal places)										
Product Development Organizations (List each organization separately)										
Support and Management Organizations (List each organization separately)										
Test and Evaluation Organizations (List each organization separately)										
Subtotal Product Development										
Subtotal Support and Management										
Subtotal Test and Evaluation										
Total Project (should match fiscal resources shown on the R-2 for the project)										

Instructions - Exhibit R-3, RDT&E Program Element/Project Cost Breakdown

General: The R-3 series exhibits are required only for projects in Research, Development, Test, and Evaluation (RDT&E) appropriations Budget Activities 4, 5, and 7. A separate R-3 exhibit shall be prepared for each project in an applicable R-1 line item in the format illustrated. These exhibits shall be printed on 8 1/2 by 11 inch paper in landscape format. If a program element is not divided into projects, then the program element itself is defined as a project for purposes of submitting an R-3 exhibit, and the R-3 exhibit and instructions apply to the entire program element.

Classification: Each page shall be marked in the center at the top and bottom with the classification of that page. Classified material must be bracketed.

Date: Identify the month and year of submission of the exhibit.

Appropriation/Budget Activity: Identify the Service or Agency appropriation and the budget activity.

R-1 Item Nomenclature: Identify the name of the R-1 line item.

Program Element Number: Identify the number of the program element.

Project Number and Nomenclature: Identify the project number and nomenclature on each R-3 page.

Section A. Project Cost Breakdown: Project cost information shall be provided for each project for the 4 fiscal years (PY, CY, BY1, BY2) shown on the R-3 exhibit with project costs broken down into cost categories.

Cost Category: Sample cost categories are shown below that are typical of various types of defense research and development efforts. Costs shall be distributed among categories in accordance with the project work breakdown structure used by the project office in project execution. The illustrated sample cost categories may be used if these correspond to the project work breakdown structure; however there is no requirement to use cost categories other than those used by the project office in project execution. Sample cost categories not used in project execution need not be included in the exhibit for that project.

Sample Cost Categories:

- Primary Hardware Development
- Ancillary Hardware Development
- Development Support Equipment Acquisition
- Research Support Equipment Acquisition
- Software Development
- Licenses
- Systems Engineering
- Training Development
- Integrated Logistics Support
- Configuration Management
- Technical Data
- Developmental Test and Evaluation
- Operational Test and Evaluation
- Contractor Engineering Support
- Government Engineering Support
- Program Management Support
- Program Management Personnel
- Travel
- Research Personnel
- Miscellaneous (less than 15 percent of total)

(Exhibit R-3, page 3 of 6)

Exhibit R-3 Instructions (Continued)

Section B. Budget Acquisition History and Planning: This section shall be provided for each project that meets any one or more of the following criteria:

- a. Designation by OUSD(A&T) as a Major Defense Acquisition Program, either a Defense Acquisition Board or a Component program, or
- b. CY, BY1 or BY2 funding revision of greater than plus or minus 10 percent from the previous President's budget FYDP base, or
- c. Major milestone schedule change of more than 6 months, or
- d. PY expenditures less than 35 percent through July of the current calendar year, or
- e. PY obligations less than 85 percent through July of the current calendar year, or
- f. New programs other than those created by administrative actions, such as those created through breakout or consolidation of previously budgeted efforts.

Information Categories: Information is divided into three categories as follows:

Product Development: All efforts associated with the delivery of a fully integrated system that are in direct support of the system and essential to the development, training, operation, and maintenance of the system. Include all efforts directly supporting system development and delivery to include primary contracts, major component contracts, contracted services, in-house support, and government furnished property. Contracts or government efforts over \$1 million in any displayed budget year shall be reported individually.

Support Costs and Management Services: Efforts not directly associated with the delivery of the primary product, including technical engineering services, research studies, and technical support not related directly to product development or to testing and evaluation. All efforts associated with services provided in support of program office management and administration processes such as: program oversight, resource justification, budget and programming, milestone and schedule tracking. Federally Funded Research and Development Centers (FFRDCs) are in this category. Contracts or government efforts over \$1 million in any displayed budget year shall be reported individually.

Test and Evaluation: Efforts (other than those included within contracts or government efforts included above) associated with engineering or support activities to determine the acceptability of a system, subsystem, or component. Contracts or government efforts over \$1 million in any displayed budget year shall be reported individually.

Performing Organizations: This portion of the exhibit shall identify each contractor and government activity effort in excess of one million dollars in any of the displayed years. Efforts of less than \$1 million in all of the displayed years may be aggregated together in a "miscellaneous" line item. The performing activity name and location shall be identified.

(Exhibit R-3, page 4 of 6)

Exhibit R-3 Instructions (Continued)

Contract Method/Type or Funding Vehicle: The following codes shall be used to identify the contract method and type and funding vehicle:

Contract Method:

- SS - Sole Source
- C - Competitive

Contract Type:

- FP - Fixed Price
- CPIF - Cost Plus Incentive Fee
- FPI - Fixed Price Incentive
- CPAF - Cost Plus Award Fee
- CPFF - Cost Plus Fixed Fee
- FFP - Firm Fixed Price

Funding Vehicle:

- MIPR - Military Interdepartmental Purchase Request
- PO - Project Order
- WR - Work Request
- Allot - Allotment
- Reqn - Requisition

Award or Obligation Date: Provide actual or estimated date of contract award or the estimated date that funds will be obligated to government performing activities in the BYs.

Performing Activity Estimate at Completion (EAC): Provide the current contractor or government performing activity estimate of the total cost of the effort.

Project Office Estimate at Completion (EAC): Provide the program manager's best estimate of the total cost of the effort.

Total Prior to PY: Provide actual amounts for the total of all years before the past year (PY).

PY through BY2: Provide actual or budget amounts for each year for past year (PY), current year (CY), budget year (BY1), and BY2.

To Complete: Provide the amount required to complete this effort beyond BY2.

Total Program: Provide the cumulative total of all budgeted funds for the program (including funds obligated/budgeted for prior to PY, PY, CY, BY1, BY2, and to complete).

Government Furnished Property: Property, such as hardware, software, or information, which the government is contractually obligated to furnish a contractor or government performing activity shall be identified. Efforts of less than one million dollars in all of the displayed years may be aggregated together "miscellaneous" line item. Provide a brief identification of the item to be provided, and the contractor or government activity providing the item.

Contract Method/Type or Funding Vehicle: Provide method of transferring funds to this activity, from those identified under "Contract Method/Type" or from "Funding Vehicle" above.

Obligation Date: Provide actual or estimated date that award or obligation is incurred.

(Exhibit R-3, page 5 of 6)

Exhibit R-3 Instructions (Continued)

Delivery Date: Provide estimated date that the government furnished property will be provided to the requiring contractor or activity. Provide the name of the requiring contractor or activity.

Prior to PY: Provide actual amounts for the total of all years before the past year (PY).

PY through BY2: Provide actual or budget amounts for each year for PY, CY, BY1, and BY2.

To Complete: Provide the amount required to complete this effort beyond the BY2.

Total Program: Provide the cumulative total of all budgeted funds for the program (including funds obligated/budgeted for prior to PY, PY, CY, BY1, BY2, and to complete).

Subtotals of Performing Organizations and Government Furnished Property funding amounts for each year shall be provided for Product Development, Support and Management, and Test and Evaluation. A grand total for each year shall be provided. This grand total should match the fiscal resources shown on the R-2 exhibit for the project.

R-1 Item Number: The R-1 item number shall be identified.

Page: The exhibit page number and total number of exhibit pages associated with the R-1 item shall be identified.

Exhibit R-32, RESEARCH, DEVELOPMENT, TEST & EVALUATION (RDT&E) Purchases from DBOF
(TOA, \$ in Millions)

Business Areas	Current Year CY Program	Budget Year 1			Budget Year 2		
		Price Growth	%	Program Growth	Price Growth	%	Program Growth
Army							
411 Army Supply Management							
601 Army Depot Maint-Ord Arm Com							
602 Army Depot Maintenance-Other							
648 Army Information Services							
Navy							
412 Navy Supply Management							
615 Navy Information Services							
633 Defense Printing Service (FY 1996 only)							
Research and Development							
610 Naval Air Warfare Center							
611 Naval Surface Warfare Center							
612 Naval Undersea Warfare Center							
614 Naval Cmd, Ctrl & Ocean Surv Ctr							
630 Naval Research Laboratory							
631 Naval Facilities Engineering Service Ctr							
Depot Maintenance							
613 Depot Maintenance- Aircraft							
632 Depot Maintenance-Ordnance							
637 Depot Maintenance-Ships							
640 Depot Maintenance-Other (USMC)							
Transportation (Sealift Services):							
620 Fleet Auxiliary Force							
621 Afloat Prepositioning Ships							
623 Special Mission Supports							
624 Other Sealift Purchases							
Navv Base Support Services:							
634 Public Works - Utilities							
635 Public Works - Other							
639 Public Works (Composite Rate)							

R-1 Shopping List - Item No 20-1

Page No xxx

Exhibit R-32, RDT&E Purchases from DBOF
(Exhibit R-32, page 1 of 3)

Exhibit R-32, RESEARCH, DEVELOPMENT, TEST & EVALUATION (RDT&E) Purchases from DBOF

(TOA, \$ in Millions)

Business Areas		Current Year		Budget Year 1			Budget Year 2		
		CY Program	Price Growth	%	Program Growth	%	Price Growth	%	BY2 Program
Air Force									
414 Air Force Supply Management									
649 Air Force Information Services									
653 Transportation (Airlift Svcs (Training))									
Air Force Depot Maintenance:									
661 Organic Operations									
662 Contract									
Defense									
402 Fuel Purchases (DFSC)									
415 DLA Supply Management									
633 Defense Printing Services (beg FY 1997)									
647 Defense Megacenters (DISA)									
650 DLA Information Services									
651 DFAS Information Services									
670 Defense Automatic Addressing Systems									
671 Communications Services (DISA)									
672 Purchases from Pentagon Reservation Maintenance Revolving Fund									
673 Financial Operations (DFAS)									
674 Distribution Depots (DLA)									
675 Def Reutilization & Mktg Svcs (DRMS)									
676 Def Industrial Plant Eqpt (FY 1996 only)									
677 Joint Logistics Systems									
680 Purchases from the Bldg Maint Fund									
USTRANSCOM									
701 AMC Cargo/Passenger (Fund)									
702 AMC SAAM/TJS (Fund)									
711 MSC Cargo (Fund)									
721 MTMC Port Handling (Fund)									

R-1 Shopping List - Item No 20-1

Page No xxx

(Exhibit R-32, page 2 of 3)

Instructions - Exhibit R-32, RDT&E Purchases from DBOF

1. Purpose. The purpose of this exhibit is to estimate the amount of new orders planned to be sent to the Defense Business Operations Fund (DBOF) business areas. The RDT&E appropriations will report estimates of funding for DBOF business areas on the Purchases from DBOF Exhibits. For each appropriation, the Component will estimate by DBOF business area the amount of new orders planned to be sent to DBOF business areas for the CY, BY1 and BY2. The amounts provided should reflect the amount shown by the DBOF activity on the Fund-11 exhibit. Price growth will reflect the amount of inflation on the difference between fiscal years funding (change in DBOF rates). Program growth will show the change in program absent the effect of inflation. For further guidance, see the instructions for completing the OP-32 exhibit (Chapter 030402). A copy of the R-32 exhibit will also be provided directly to the Revolving Funds Directorate, Rm 3B866, the Pentagon.

2. Specific Instructions:

In addition to the guidance above and in the OP-32 Exhibit instructions, the following provides by business area, the types of purchases reported on the R-32 exhibits:

(1) Army, Navy and Air Force Supply Management: obligations for supply purchases from wholesale and retail supply organizations.

(2) DLA Supply Management: obligations for purchases of consumable supplies.

(3) Fuel Purchases (Defense Fuel Supply Center): obligations for fuel for purchases of fuel for aircraft, automobiles, non-nuclear ships, trucks, and heating fuel.

(4) US Transportation Command: travel and transportation obligations for movement of people or goods by military air (Air Mobility Command owned C-17, C-5, or C-141 aircraft or leased commercial aircraft) and military sealift (through Military Traffic Management Command operated port facilities, in Military Sealift Command owned or operated ships).

(5) Defense Finance and Accounting Service (DFAS): obligations for services rendered by DFAS.

(6) Communications Services (DISA): obligations to pay for services provided by the for the Defense Switched Network (formerly AUTOVON, AUTODIN, Bulk Encrypted Communications, Defense Switched Network, Washington Area Wideband System, Defense Information Systems Network, and Defense Data Network) and for information processing, computer services, and software development support provided by the Defense Information Technology Services Organization (DITSO).

(7) Fund Purchases not reported on R-32: Do not report purchases from the following Fund business areas: Defense Logistics Agency Distribution Depots; Navy Distribution Depots; Commissary Operations; and the Defense Reutilization and Marketing Services.

(Exhibit R-32, page 3 of 3)

PROGRAM ELEMENT COMPARISON SUMMARY

INTRODUCTION AND EXPLANATION OF CONTENTS

1. General. This document has been prepared to provide summary information on the (DoD Component) Research, Development, Test and Evaluation Program to congressional committees during the FY 19BY1/19BY2 hearings. The R-2 and R-3 exhibits provide narrative information on all RDT&E Program Elements and projects.
2. Comparison of FY 19PY and 19CY Data. A direct comparison of FY 19PY and FY 19CY data in the R-1 exhibit dated (a year previous), will reveal significant differences. Many of the differences are attributable to the following factors:
 - a. FY 19CY reductions as a result of Congressional action on the appropriation (if applicable).
 - b. FY 19PY funding changes subsequent to October 1, 19CY, including RDT&E Reprogramming Actions and a Supplemental Appropriation (if applicable).
 - c. Reclassification of FY 19PY and FY 19CY data to achieve comparability with the program structure for FY 19BY1/19BY2. (If applicable, add short explanation.)
3. Relationship of FY 19BY1/19BY2 Budget Structure to the FY 19CY Budget Approved by Congress.
 - a. Provide a list explaining the origin of all program elements that do not appear on the Base for Reprogramming Action (DD 1414) for RDT&E (DoD Component) which was prepared pursuant to final Congressional action of the FY 19CY DoD Budget Submission to Congress. Include all new starts, identified at the project level.
 - b. Provide a list explaining any program terminations or anticipated terminations.
4. Classification. Classified information is identified by use of brackets as []. It is preferred that this information be unclassified. If it is necessary to provide classified information, then it should be submitted separately.
5. Table of Contents. The Table of Contents is presented in two different formats - by R-1 Line Item order and Alphabetically.
6. Highly Classified Programs. If the appropriation contains programs that are more classified and therefore not provided in this justification book, identify the affected program elements and titles.

Exhibit R-33, Program Element Comparison Summary

(Exhibit R-33, page 1 of 2)

PROGRAM ELEMENT COMPARISON SUMMARY
INTRODUCTION AND EXPLANATION OF CONTENTS

PROGRAM ELEMENT

REMARKS

BUDGET ACTIVITY 2: ADVANCED
TECHNOLOGY DEVELOPMENT

0603710N Man-Machine Technology

Provide the PE number and title of the previous PE(s).
Example: New program element for effort previously
included in Program Elements 0603707N, Acoustics,
0603720N, Communications, and 0603727N, Training.

BUDGET ACTIVITY 4: TACTICAL
PROGRAMS

0603209N Underwater Weapons
Testing

New program proposed for FY 19BY1 Acceptance

0603382N Battle Group Anti-Air
Warfare Coordination

New program element for Project S0324,
Battle Group Anti-Air Warfare Coordination,
previously included in Program Element 0604303N.

0603506N Surface Ship Torpedo
Defense

Existing program element for effort last funded
in FY 19PY

0603576N CHALK EAGLE

New program proposed for FY 19BY2

0603590N Wide Aperture Array
(Advanced)

New program element for Project S0222,
Wide Aperture Array previously included in
Program Element 0603504N

0604228N SH-60 Carrier Variant

New program proposed for FY 19BY1

(Exhibit R-33, page 2 of 2)

MAJOR DEFENSE ACQUISITION PROGRAMS (MDAP)
RDT&E PROJECT LEVEL (PL) DATA

Each Component must submit for each designated MDAP/pre-MDAP an automated RDT&E Project Level Funding (PL) data base that reconciles to the RDT&E Annex and FYDP data bases and the supporting congressional justification material. The RDT&E PL data base should be submitted for past year (PY), current year (CY), budget years (BY1 and BY2), and FYDP years (BY2+1 thru BY2+4), and should be formatted as specified below. The RDT&E Project Level funding data should be submitted as 2 flat ASCII files on either a 5 1/4 or 3 1/2 inch floppy, high or double density disk and submitted directly to OUSD(A&T), Mr. Steve Dratter, Room 1E474, telephone (703) 697-8020.

<u>DATA</u>	<u>PROJECT TITLE</u>	<u>COLUMNS</u>
PE: Major Force Program		1:2
PE: PE ID		3:7
PE: Service Code		8:10
Project Number		11:16
Project Title		17:76
Project Classification		77:77

<u>PROJECT FUNDING</u>	
Budget Activity Code	1:2
PE: Major Force Program	3:4
PE: PE ID	5:9
PE: Service Code	10:12
Project Number	13:18
FY	19:22
Budget/Funding Request (in thousands)	23:32
Project Classification	33:33
Program Number (Identified on OUSD(A&T)'s MDAP listing).	34:36

Formatting Guidelines:

1. Left justify Service Code and Project Number.
2. Right justify Dollar Amounts and **DO NOT** use commas.
3. FY should be formatted as 1996, 1997, etc.
4. Data are requested for PY thru BY2+4 (eg. FY 1996 - FY 2003).
5. All alphanumeric characters are to be in UPPERCASE.

Old PE to New PE Crosswalk Data: A data file containing only those Program Elements (PEs) which have been renumbered since the last submission of the FYDP/RDT&E Annex must be submitted. It is to be submitted as a flat ASCII file on either a 5 1/4 or 3 1/2 inch floppy, high or double density disk directly to OUSD(A&T), Mr. Steve Dratter, Room 1E474, telephone (703) 697-8020.

OLD TO NEW PE

<u>DATA</u>	<u>COLUMNS</u>
PE: Old Major Force Program	1:2
PE: Old PE Identifier	3:7
PE: Old Service Code	8:10
PE: Old PE Name	11:70
PE: New Major Force Program	71:72
PE: New PE Identifier	73:77
PE: New Service Code	78:79
PE: New PE Name	80:139

MDAP RDT&E Project Level (PL) Data

MILITARY CONSTRUCTION/FAMILY HOUSING
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CHAPTER 6

MILITARY CONSTRUCTION/FAMILY HOUSING APPROPRIATIONS

0601 GENERAL

060101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for Military Construction, Family Housing and Homeowners Assistance appropriations.

B. The following appropriations and accounts are covered:

Section

060201 Military Construction

- Military Construction, Army
- Military Construction, Navy
- Military Construction, Air Force
- Military Construction, Defensewide
- Military Construction, Army National Guard
- Military Construction, Air National Guard
- Military Construction, Army Reserve
- Military Construction, Navy Reserve
- Military Construction, Air Force Reserve

060202 Family Housing

- Family Housing, Army
- Family Housing, Navy & Marine Corps
- Family Housing, Air Force
- Family Housing, Defensewide
- DoD Family Housing Improvement Fund

060203 Homeowners' Assistance

- Homeowners' Assistance Fund, Defense

060304 NATO Security Investment Program

- North Atlantic Treaty Organization (NATO) Security Investment Program

C. Instructions applicable to budget formulation and congressional justification for the Family Housing Improvement Fund will be issued under separate cover and included in the next update of the FMR Volume 2.

060102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 6 covers specific back-up material requirements for the above accounts. The above appropriations/accounts should also submit any applicable exhibits required in Chapter 19 - Special Analyses.

060103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 6 provides additional specific guidance with regard to the back-up material required for Military Construction, Family Housing and Homeowners Assistance appropriations.

060104 References

Section 010210 provides policies and definitions concerning costs that are to be financed by the Military Construction appropriations as opposed to other appropriations for R&D facilities.

060105 Family Housing Program Policies and Guidelines

A. Purpose

1. This section outlines the service aspects of the Family Housing Program; establishes policies and guidelines for program financial management, budgeting, accounting, and reporting; and assigns responsibilities for executing the program. Specific procedures for the administration and management of program funds are set forth in section 060106.

2. The Family Housing Program encompasses Military Family Housing as defined and authorized by the provisions of Title 10, United States Code, Chapter 169, and includes all DoD Component family housing in the Defense Family Housing Property Account, leases of real property utilized by DoD Components for family housing, and associated family housing support services programs.

B. Policy

1. It is DoD Policy: 1) to provide military family housing for military families and

for eligible civilian families only when suitable housing in the community does not exist; 2) to provide for the housing and support services, as authorized by law, that are necessary to meet the requirements of the Department of Defense; 3) that the program shall be financed and managed in the most cost effective and efficient manner possible in order to support these requirements and to maximize the use of available program resources; 4) that the program shall include the provision of assistance to all military personnel and certain eligible civilians in locating and utilizing privately owned housing including leasing; 5) that the program shall include, within available resources, the provision of Government-owned or leased family housing and furnishings (referred to as Defense Family Housing Property); and 6) that the program shall include the efficient and effective financial and program management of Defense Family Housing Property, including acquisition, operation, improvement, maintenance, debt financing, leasing, and family housing support programs.

C. Responsibilities

1. The Under Secretary of Defense (Acquisition and Technology) (USD(A&T)) is responsible for program management as set forth in DoD Directive 4165.63 and DoD 4165.63-M. The Under Secretary of Defense (Comptroller) (USD(C)) is responsible for financial management, program budget policies, program accounting policies, and financial reporting. As prescribed by the USD(C), the Director, Defense Finance and Accounting Service, is responsible for central accounting and financial reporting for the program. The Secretaries of the Military Departments and the Directors of the Defense Agencies, as prescribed by DoD Directive 4165.63, are responsible for execution of the program for personnel under their respective jurisdictions, including program and financial management, accounting and reporting.

2. In the financial management and execution of the program, DoD Components shall conduct program budget formulation, presentation, and execution in accordance with the guidance and provisions contained in Chapter 6 of this manual and adhere to the program accounting

and financial reporting guidance and provisions contained in Volume 4 of this manual.

D. Objectives and Procedures

1. This section outlines the objectives and procedures of the Family Housing Program and is divided into the following subsections: assistance in locating and utilizing privately owned family housing; Defense Family Housing Property; and, management of Defense Family Housing Property.

a. Assistance in Locating and Utilizing Privately Owned Family Housing. Assistance provided to DoD personnel to obtain privately owned family housing under the program includes housing referral service including administration of private rental housing for DoD personnel overseas; DoD leasing of private housing; rental guarantee payments pursuant to section 507, Public Law 88-174, as amended, and mortgage guarantee payments under sections 809 and 810 of the National Housing Act, as amended (OMB scoring of Sections 2667 and 2836 for Family Housing is at the end of this section); and, service members' mortgage insurance payments on their privately owned housing made pursuant to section 222 of the National Housing Act, as amended.

b. Defense Family Housing Property. All DoD-owned or DoD-controlled physical property described below will be managed and controlled under the Family Housing Program. The properties will be recorded in a property account entitled the Defense Family Housing Property Account. Guidance for the maintenance of property accounting records is contained in Volume 4 of this manual. A continuing permanent accounting record will be maintained of the real property included in each installation's Family Housing Property Account. Appropriate classifications will be entered on the records to distinguish between real and personal property. Property will be removed from the Defense Family Housing Property account when the property is disposed of (as DoD property), or when it is transferred to DoD non-family housing use. The Report Control Symbol assigned to the special record keeping requirements is DD-COMP(AR)1501.

(1) The Defense Family Housing Property Account includes the following properties, under the jurisdiction of the Department of Defense, to which the Government has a right, title, or interest, with exceptions noted in paragraph 060105D.1.b.(2) below.

(a) All types of family dwelling units and mobile home park facilities, without regard to the military status of the occupant and including housing that is: located on or off station, owned or leased, occupied or unoccupied; situated in dispersed locations or in community-type areas; located at an active, inactive, standby, or reserve facility; or, operated or maintained by the Government, directly or by contract.

(b) Nondwelling buildings directly associated with family dwelling units or a family housing area, including structures outside the housing area required solely for family housing support.

(c) Roads, driveways, walks, and utility systems which primarily serve family housing units or areas.

(d) The grounds area of a group of family housing units and the yards of dispersed family housing units or areas.

(e) Community facilities which are integral to a family housing area and are available for use only by family housing area residents and their house guests.

(f) Fixtures and other appliances or equipment in a housing unit that are either integral components or movable items, such as: refrigerators, kitchen ranges and, when authorized, food freezers, room air-conditioners, washing machines, clothes dryers, dishwashing machines, garbage disposals, exhaust fans, roof or attic television antennas; and those appliances provided for family housing rented privately by DoD personnel in areas outside the conterminous United States, pursuant to DoD 4165.63-M.

(g) Furniture, furnishings, and other personal property that are directly associated with providing and supporting family housing units, including personal property provided for use outside the conterminous United States, pursuant to DoD 4165.63-M.

(2) The Defense Family Housing Property Account excludes the following properties, irrespective of the Government's right, title, or interest therein:

(a) Aerial roads, public walks, utility lines, and utility mains that may pass through or in front of family housing locations but serve those locations as an incidental or secondary purpose to other station requirements.

(b) Facilities similar to hotels or motels, which are provided for temporary family occupancy.

(c) Community facilities which are not integral to a family housing area or are available for use by other than family housing area residents and their house guests.

(d) Educational facilities.

(e) Telephone and other communication facilities for official use, and telephone facilities for unofficial use, installed in a family housing unit.

(f) Community Antenna Television distribution service by other Government agency, commercial cooperative, or private enterprise.

(g) Properties financed by and supporting the Defense Security Assistance Program.

(h) Food service facilities.

(I) Facilities used primarily for religious services or religious activities.

c. Management of Defense Family Housing Property. Management undertakings, which arise in connection with the DoD responsibility for and jurisdiction over Defense Family Housing Property, include:

(1) The acquisition, construction, and replacement of family housing facilities and the preliminary planning and design studies on prospective projects, including housing requirement surveys.

(2) The conversion of other real property facilities to family housing quarters.

(3) The upgrading to "adequate public quarters" of those family dwelling units designated as rental, substandard, or inadequate.

(4) The alteration of, or addition, expansion, or extension to, family housing facilities.

(5) The outfitting of family housing facilities, as defined in paragraph 060105D.1.b above, with fixtures and other equipment that are either integral components or movable items of major equipment of a housing unit, including major appliances; and furniture, furnishings, and other personal property. This function includes maintenance and repair.

(6) The maintenance and repair of family housing facilities.

(7) The furnishing of the following services to family housing facilities: utilities services, except telephone service and cable television; refuse collection and disposal; insect and rodent control; snow removal; handling and moving Government-owned furnishings; police and fire protection; and, administrative, supervisory and clerical services related to the performance of services rendered the family housing facilities.

(8) The maintenance and security of family housing property declared excess to DoD needs, which rests with the DoD Component until the Department of Defense is

relieved of this responsibility. The following rules and principles apply:

(a) If the property is being disposed of by the General Services Administration, the transfer of financial responsibility to GSA will be in accordance with Federal Property Management Regulations, Part 101-47, 402.

(b) When the Department of Defense recommends to GSA that disposal of excess property be delayed because of economic considerations and a contract has been made with a local agency to rent the property and to protect and maintain it, the residual financial responsibility for maintenance and security rests with the Department of Defense.

(c) It has been agreed with the GSA that, in interpreting property disposal regulations, the Department of Defense will be deemed to have declared the property excess to GSA on the date that the protection and maintenance contact is discontinued.

OMB Scoring of Sections 2667 and 2836 for Family Housing

	<u>Section 2667</u>	<u>Section 2836</u>
Term of land lease	50 years	25 years with 25 year government renewal option
Rental rate for government owned land	fair market	none, unless government terminates housing contract
Priority given to military families for occupancy	yes; below market rents for military families	same as Section 2667
Rental guarantee	None	97%
General public units	Contractor may build additional units for rent to public	Available to public when military does not meet rental guarantee
Termination or base closure	Government waives termination right. Contractor would remain in property for remainder of lease, renting to the general public while paying fair market rental to government	Government can terminate guarantee. Contractor paid termination costs specified in contract, contractor remains in property, paying rent as in section 2667
Appropriation restrictions	None	Subject to annual appropriations
First year scoring	BA and Outlays: fair market land rental offsetting receipts (mandatory)	BA: termination liability included in contract. Outlays: none (discretionary)
Subsequent year scoring	BA and Outlays: fair market rental offsetting receipts (mandatory)	BA and Outlays: Government provided utilities/services and possible rental guarantees (discretionary)
Budget Process	Projects included in of budget and submitted to OMB for review of economic viability	Same as Section 2667

060106 Family Housing Procedures for
Administration and Management of
Program Funds

A. Purpose.

This section outlines the procedures for the administration and management of funds appropriated or otherwise made available to the Department of Defense for the Family Housing Program including: authorized reimbursements; application of proceeds from sales or handling of excess family housing for debt service; administration of separate "fixed year" and "annual" accounts; and clarification and amplification of certain financial administration procedures.

B. Treasury Accounts

1. For construction and improvement of family housing facilities, funds are appropriated to remain available for five years. For Operation and Maintenance (O&M) of family housing facilities, funds are appropriated with annual account limitations. These and other funds made available for family housing are administered under the Treasury accounts outlined in section 010603 of this manual.

2. In accordance with current Federal budget concepts, transactions relating to debt assumption and repayment of debt principal are recorded and reported in a "Borrowing Account." Other family housing financial transactions are treated in an expenditure account (hereafter referred to as the "Budget Account"). Reports to the Treasury Department, as specified in Volume 4 of this manual, will identify transactions under these accounts by means of a code prefix to the symbols as follows: (87) Borrowing Account decreases and (97) Borrowing Account increases.

C. Financing the Family Housing Program

1. The Family Housing Program will be financed from:

a. Those funds primarily appropriated for family housing purposes.

b. Authorized reimbursements and collections from housing rentals and services furnished as set forth below:

(1) Charges will be made for rentals and services furnished certain occupants or users of family housing facilities. The amount of rent charged shall be determined in accordance with the provisions of DoD 4165.63-M. Disposition of the proceeds of handling or disposal of excess family housing property is treated in paragraph C.1.c of this section.

(2) Those collections for rents and services which will be utilized to finance family housing expenses in accordance with applicable statutes are listed below. Such reimbursements will be utilized within the financial authority issued by the Deputy Comptroller (P/B) but limited to the amount of reimbursements earned.

(3) Proceeds received for rental of Defense housing shall be utilized within the applicable DoD Component family housing account to defray O&M expenses. If the housing is rented with Government furniture provided, the combined total charge for shelter rent and furniture rent shall be treated as indicated above.

(4) Proceeds from the sale of utilities and services will be utilized within the applicable DoD Component family housing account to defray O&M expenses in accordance with the authority set forth in 10 U.S.C. 2481.

(5) Collections from other agencies related to O&M charges pursuant to 31 U.S.C. 686 will be effected.

(6) When nonexcess family housing property is leased, pursuant to 10 U.S.C. 2667, disposition of moneys received for rents will be deposited to the U.S. Treasury as miscellaneous receipts. Moneys received for utilities or services will be deposited to the applicable DoD Component family housing account.

(7) For accounting purposes, those reimbursements described above to be used for O&M purposes will be identified as financing the operations portion of the O&M expenses.

(8) All collections for family housing rents or services, other than those described above and in paragraph C.1.c of this section will be deposited to Treasury Miscellaneous Receipt Account 1830, "Rent of Real Property not Otherwise Classified," under a citation which includes the appropriate DoD Component two-digit prefix symbol. Such collections include those to cover costs of repairing damages to family housing facilities (including replacement of items) caused by family housing occupants.

c. Other funds which are available from disposal of excess family housing property as set forth below:

(1) *In the case of family housing in the United States disposed of pursuant to title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100-526) or the Defense Base Closure and Realignment Act of 1990 (Public Law 101-510), the proceeds should be deposited in the Department of Defense Base Closure Account 1990.*

(2) *In the case of family housing disposed of under authorities contained in 10 U.S.C. 2871-2885, as added by section 2801 of the National Defense Authorization Act for FY 1996, for purposes of using the proceeds to carry out activities authorized under those provisions, the proceeds should be deposited in the DoD Family Housing Improvement Fund.*

(3) *In the case of family housing overseas disposed of under circumstances which fall within the provisions of section 2921 of Public Law 101-510, as amended, the proceeds should be deposited in the Defense Overseas Military Facility Investment Account.*

(4) *In the case of family housing disposed of under other circumstances, the*

proceeds should be deposited in the appropriate military family housing account.

2. Family Housing Program costs will be programmed, budgeted and accounted for by the DoD Component having responsibility for the Defense installation or housing area, regardless of the DoD Component of the housing occupant. Reimbursement for such costs will not be made between DoD Components.

3. Financing will be on a program-year basis. The detailed program-year criteria for the major functional categories and for the immediate subordinate accounts is set forth below:

a. The program year for the undertakings (projects for new construction, acquisition of housing, construction improvements, and minor construction) shall be the same as the year of the applicable annual Military Construction Authorization Act.

b. After the program year for a specific project is established as provided above, the financing and related appropriation accounting for that project will be administered under the designated program year, irrespective of when the work is undertaken or completed.

c. For planning and design, which is a "level of effort" type activity, the following program year concept applies:

(1) Budget estimates for the budget year and each future year will include the planning and design work programmed to be placed on contract or intragovernmental order during the program year and the planning and design work expected to be performed with in-house capabilities during the program year. The dollar value of a planned program will be determined on the basis of estimated obligations to be incurred during the program year for the program scope embraced by (a) and (b), above.

(2) Obligation authorities will be requested and issued by program year on the basis of obligations estimated to be incurred as a result of the issuance during the program year of

contracts or other orders which constitute valid obligations pursuant to Volume 4 of this Regulation for planning and design work, irrespective of when the work is to be performed and the accomplishment during the program year of planning and design work with in-house capability. Obligations will be charged by program year on these same bases.

(3) Adjustments to obligations charged against a prior program year will be made only to the extent of an adjustment in the amount of an obligation recorded for specific work ordered in that prior program year or deobligations to reflect cancellation of work ordered in that prior year. New obligations for planning and design work for a particular project which are in addition to that ordered in prior program years for that project are charges against the program year in which those new obligations are incurred.

d. For rental guarantee payments, the program year shall be the fiscal year in which the rental guarantee payments are obligated. No new obligations may be incurred under a program year obligation authority after the close of that program fiscal year. Adjustments to obligations for rental guarantee payments may be made as necessary to reflect actual obligations incurred during the fiscal program year in accordance with existing procedures covering adjustment to annual accounts.

e. The major functional categories of operation and maintenance and debt payment are considered "level of effort" type activities. Program planning and budget estimates for these categories will be developed in accordance with that concept. Obligational authority for operation and maintenance and debt payment will be requested and issued by program year and will not be available for new obligations after the close of the fiscal year for which such authority is issued. Adjustments to obligations for operation and maintenance and debt payment may be made as necessary to reflect actual obligations incurred during the fiscal program year in accordance with existing procedures covering adjustment to annual accounts.

4. Economic analysis will be applied to all program investment proposals in accordance with this manual which sets forth budget submission requirements.

5. Apportionment of funds and issuance of financial authorities will be obtained as follows: each DoD Component (except Defense Agencies) shall submit to the Deputy Comptroller (P/B) an apportionment request, then the Deputy Comptroller (P/B) will issue specific financial authority to the DoD Components concerned in such amounts and at such levels as appropriate for efficient and economical administration of the Family Housing Program.

6. For the Construction category, OSD program approval and obligating authority will be provided by fiscal year, generally at the construction element level (immediate subordinate account level) or at project level where circumstances warrant. Volume 3 of this Regulation defines the scope of realignment authority delegated to the DoD Components. All program/fund realignments will be reported in accordance with Volume 4 of this Regulation and this volume.

7. Obligations, incurred costs, accrued expenditures, accrued revenues, disbursements and receipts will be recorded and reported in accordance with Volume 4 of this Regulation. When another appropriation, e.g., Operations and Maintenance, initially incurs a funded cost, the applicable DoD Component family housing account will be billed at least monthly. Obligations, incurred costs, accrued expenditures and disbursements will be charged to the applicable accounts.

8. The balance due on indebtedness previously assumed should be in a "Borrowing Account" in conformance with Federal budget concepts.

a. The acquisition of property will be recorded in accordance with Volume 4 of this Regulation. The amount of the mortgage assumed will be recorded as an increase in the "Borrowing Account" and will be reported to the Treasury under Code (97).

b. Payments on mortgage principal will be recorded as decreases in the Borrowing Account (Treasury Code (87)) and in accordance with Volume 4 of this Regulation. Payment of debt principal will be reported in separate format as prescribed in Volume 4 of this Regulation.

c. Receipts from sale, lease, or handling of excess property will be reported in separate format as prescribed in Volume 4 of this Regulation.

0602 UNIFORM BUDGET AND FISCAL ACCOUNTING CLASSIFICATION

060201 Military Construction Appropriations

Programming, budgeting, financing and accounting for the Military Construction Program will be accomplished under an account structure uniformly used for these purposes by all DoD Components. The uniform account structure and scope of each account prescribed for the administration of the Military Construction Program are as follows:

A. Major Functional Category: Construction1. Immediate Subordinate

Account: Major Construction. Includes construction projects authorized under 10 U.S.C. 2802 for the purposes of erection, installation, or assembly of a new facility; the addition, expansion, extension, alteration, conversion, or replacement of an existing facility; or the relocation of a facility from one installation to another. Includes equipment installed and made a part of such facilities, and related site preparation, demolition, excavation, filling and landscaping, or other land improvements.

2. Immediate Subordinate

Account: Minor Construction. Includes any urgently required construction project not otherwise authorized by law having a cost equal to or less than \$ 1,500,000. *However, if the military construction project is intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening, a minor military construction project may have an approved cost equal to or less than \$3,000,000.* Minor construction projects costing more than \$500,000 may not be carried out unless 10 U.S.C. 2805 requirements are met. This includes advance approval by the Secretary concerned and notification to the Congress. An unspecified military construction project costing not more than \$300,000 may be funded from appropriations available for operation and maintenance. *However, if the project is intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening, up to \$1,000,000*

may be funded from operation and maintenance accounts.

3. Immediate Subordinate

Account: Planning and Design. Includes architectural and engineering services, construction design, planning, study, working drawings, specifications and estimates for construction projects. 10 U.S.C 2807 pertains to architectural and engineering services and construction design

4. Immediate Subordinate

Account: Supporting Programs. Includes Defense access roads and land acquisitions.

B. Major Functional Category: North Atlantic Treaty Organization Security Investment Program

Includes contributions for the United States share of the cost of multilateral programs for the acquisition and construction of military facilities and installations (including international military headquarters) and for the related expenses for the collective defense of the North Atlantic Treaty Area. 10 U.S.C. 2806 pertains to contributions for North Atlantic Treaty Organization Security Investment Program.

060202 Family Housing

Programming, budgeting, financing and accounting for the Family Housing Program will be accomplished under an account structure uniformly used for these purposes by all DoD Components. Such account structure is designed and will be administered so as to provide within each of those accounts for program and financial administration of the Family Housing Program as necessary for the effective administration of the family housing program on a Defensewide basis and compliance with applicable statutes. The uniform account structure and scope of each account prescribed for the administration of the Family Housing Program are as follows:

A. Major Functional Category: Construction

1. Immediate Subordinate

Account: New Construction (by Installation and Project). Includes the erection, installation, assembly, relocation or replacement of single or multifamily dwelling units; related land acquisition, site preparation, excavation, filling and landscaping, or other land improvements. Also included are the initial outfitting during construction of a dwelling unit with fixtures and other requirements which are either integral components or movable items of major equipment thereof, including major appliances; and architectural and engineering supervision and inspection of construction. New construction also includes the construction of items included in section 060105D.1.b.(1) (a), (b), (c), and (e).

2. Immediate Subordinate

Account: Post Acquisition Construction. Includes major construction projects (projects beyond those authorized under the minor construction program) for the following (by installation and project): upgrading inadequate public quarters, rental housing and acquired Wherry Housing units to produce adequate public quarters; conversion of existing facilities to public quarters; alterations, additions-expansions-extensions; construction of family housing real property, other than dwelling units required subsequent to and because of previously acquired dwelling units; and the payments made to military personnel for telephone reconnection charges shall be included in project costs under this subaccount when a construction project involves relocation, alteration, improvement, or other work necessitating Government directed, non-Permanent Change of Station moves between Government quarters. However, in cases where concurrent maintenance/repair work is involved, telephone reconnection costs shall be charged to the maintenance account.

3. Immediate Subordinate

Account: Planning and Design. Includes the design, working drawings, specifications and estimates for construction projects approved by the Secretary of Defense for inclusion in the President's Budget. Also includes consolidated DoD guide drawings, specifications, and planning and design efforts on projects which are not subsequently constructed.

4. Immediate Subordinate

Account: Rental Guarantee Payments. Payments which become due under rental guarantees to sponsors of family housing projects built in foreign countries for use by DoD personnel.

C. Major Functional Category: Operation and Maintenance1. Immediate Subordinate

Account: Operation. This account includes the following: initial acquisition, maintenance, repair and replacement of furniture, furnishings and other personal property (see section 060105D.1.b.(1)(g)); the furnishing of services included in section 060105D.1.c.(7); inspection of construction and administration of rental guarantee projects; and, leasing of family housing facilities by the Government as outlined in section 060105D.1.a.

2. Immediate Subordinate

Account: Maintenance of Real Property Facilities. This account includes maintenance and repair of buildings, roads, driveways, walks, exterior and interior utility systems and grounds care; and maintenance, repair and replacement of fixtures and other equipment which are integral components of a housing unit. This account also finances the costs of reimbursements made to military personnel for telephone reconnection charges when maintenance or repair work necessitates Government-directed, non-PCS moves. This includes such charges resulting from improvement/repair projects funded in part from the family housing construction account.

C. Major Functional Category: Debt Payment (Interest and Other Charges)1. Immediate Subordinate

Account: Servicemen's Mortgage Insurance Premiums. This account includes payments of servicemen's mortgage insurance premiums pursuant to Section 222 of the National Housing Act as amended.

060203 Homeowners' Assistance Fund, Defense

The program/budget account classification structure for the Homeowners' Assistance program

is prescribed in Exhibits HA-1 through HA-4,
found in Section 060504.

0603 BUDGET ESTIMATES SUBMISSION

060301 Military Construction

A. Purpose

1. This Section prescribes instructions for the preparation and submission of budget estimates for the Military Construction, appropriations.

2. Unless otherwise specified, these instructions apply to all Military Construction appropriations and to all budget estimates. Data submitted must be consistent with the budget estimate being supported.

B. Submission Requirements

1. General Guidance. Supporting data for each of the military construction appropriation requests will be submitted concurrently with all other Department of Defense appropriation requests. To facilitate the review and decision making process, it is essential that the packaging of justification materials conform to the uniform facility category structure established by DoD Instruction 4165.3.

a. Construction requirements will be determined in consonance with PDM guidance and with applicable Executive Orders, OMB Circulars, and DoD 4270.1-M.

b. Each proposed construction project will be supported by DD Form 1391/1391C, Military Construction Project Data. These will be prepared in accordance with guidance contained in Section 060502. Projects associated with intelligence or intelligence-related operations will be so identified. Block 5, Program Element, DD Form 1391, will include the annotation "NFIP", "JMIP", or "TIARA" as appropriate. DD Form 1390, Military Construction Program, will be prepared for each installation at which major construction is planned, utilizing the format prescribed in Section 060502. DD Form 1390S, Guard and Reserve Forces Military Construction, will be utilized by the Guard and Reserve Components.

c. Lump sum requests for a number of construction projects at a single location

or for related projects at several locations will not be considered.

d. Budget estimates for military construction will continue to reflect fully funded requirements, regardless of their size, as directed by OMB Circular A-11. Incremental funding of construction projects is not acceptable unless justification coincident with the budget submission demonstrates that each segment would satisfy a fully definable mission objective without subsequent funding, or unless an exception to the provisions of OMB Circular A-11 has been requested and granted specifically.

e. In order to ensure prudent and economic investments a life-cycle, net present value economic cost analysis is required to support all new construction or renovation projects estimated to cost in excess of \$ 2 million dollars. Copies of these studies are to be retained by the DoD Components and must be available, when requested, during the OSD - OMB budget review. In accordance with Section 010303, components are required to indicate on the justification page for each individual construction project whether or not an economic analysis is applicable or pertinent. If not applicable, a statement is required indicating why.

f. In accordance with guidance provided under Section VI.D. of DoD Directive 2010.5, components are required to indicate on the justification page for each individual construction project for U.S. forces committed to NATO a statement whether or not the project is planned for prefinancing, with appropriate explanation as to: (a) why U.S. unilateral financing is being proposed; and (b) as appropriate, follow-on actions planned to seek reimbursement through NATO channels. A similar statement is required for any other overseas construction, describing why the project is not eligible for host nation funding. More specific guidance is provided in DoDD 2010.5.

g. Justification materials (DD 1390/1391/1391C) will be submitted in book form, with appropriate cover, bound on the left margin. Classified materials are to be submitted in separate volumes, with appropriate security classification markings on covers.

h. A complete Program and Financing Schedule covering the prior year, current year and budget year financial programs will be included in each justification book.

i. The following sections outline the specific materials to be provided including special guidance as to formats to be followed. The numbers of copies required are identified in Chapter 1. Other special materials required are outlined under related Chapter 16.

j. It is recognized that it may be necessary to revise construction project costs subsequent to the budget submission which have changed significantly because of Congressional action, design changes, etc. Such changes will be considered as an additional budget submission and all ground rules, including cut-off dates, will apply.

k. For the biennial budget, separate sections or volumes will be provided for Biennial Year 1 (BY1) and Biennial Year 2 (BY2). For the Biennial Year 2 (BY2) section, BY1 will be considered as the prior year and BY2 as the budget year.

l. *All budget submissions for military construction and family housing programs should include outyear project level detail in the format specified in Section 060502.*

2. Construction Programs for the Active Forces and Defense Agencies. The books containing the DD Forms 1391/1391C will be arranged by facility category, following the guidelines established by DoD Instruction 4165.3. The DD Forms 1390 will be in a separate section following the DD Forms 1391/1391C. In each DD Form 1391/1391C provided for the OSD submission, the following design status is required: (1) date of design initiation; (2) percentage of design complete on the OSD submission date; (3) date on which 35% design will be or has been completed (including review and approval of 35% drawings); (4) projected or actual date of design completion; (5) percentage of design utilizing standard design drawings, and (6) if the project cost is based on parametric estimates, include current design percentage data but also include the annotation "Parametric estimates have been used to develop project costs." Projects proposed for alternative construction methods

such as turnkey, or private financing alternatives, for which percent design is not appropriate, should be noted in place of the design status required for normal projects. Data provided for all projects at the time of the OSD budget submission (approximately September 15) should reflect, as a minimum, the 35% design stage. Prior to the submission of the President' Budget to Congress, OSD shall be notified if any of the previous estimates for design completion have slipped such that the 35% status, originally projected, will not be achieved by January 1.

a. Major Construction. For purposes of the OSD/OMB review:

(1) Each DD Form 1391 must show on the upper right hand corner, above the black borderline, the appropriate decision document (PBD) number applicable to that particular construction project or item. No project will reflect more than one number. No project will be identified or listed under more than one facility category.

(2) The "Operation and Training Facilities" category is to be packaged in the justification books as two separate categories, i.e., "Operation Facilities" followed by "Training Facilities."

(3) Books containing the Forms DD 1391/1391C are to include omnibus packages for the energy conservation investment, and air and water pollution abatement programs. The total requested for each of these programs will be identified separately on single DD 1391s with the detail of program (installation, location, cost, and project description) provided on continuation pages (DD 1391C). None of the projects included in these categories are to be listed under any other facility category.

(4) All specified projects shall be included in the appropriate major construction decision document (PBD) section regardless of the actual dollar cost of the project. There will be no special section for such projects. Projects costing less than \$1 million may be included with more than one project per page, as long as the projects are thoroughly justified. The amounts requested for projects costing less than \$1 million should be supported in detail (installation, location, cost, facility category code, and project

description). The projects should be listed separately on the summary sheet preceding each major construction decision document (PBD) section.

b. Minor Construction. The total minor construction program request should be submitted as an omnibus package on a single Form DD 1391, specifying the lump-sum amount proposed for unspecified (unforeseen) minor construction projects costing up to \$ 1.5 million per project.

c. Supporting Activities. The funding request for Supporting Activities will continue to be reflected as a lump sum amount on DD Form 1391. Supporting detail (location/cost) will be shown parenthetically following the lump sum estimate. While this item will be addressed for decision making purposes in the document covering Utilities and Real Estate, it should be listed separately and not included in the indexes for either Utilities or Real Estate, which fall under different facility category codes.

d. Restrictions on Omnibus Construction Packages. Apart from the specific exceptions noted for the pollution abatement, energy conservation, and minor construction programs, which are discrete decisions, there are to be no other omnibus packages or breakouts in the DD 1391 justification books. All other projects are to be listed under the appropriate facility category. In this respect, the Marine Corps facilities program is to be integrated with the Navy facilities program so that all Navy and Marine facilities are included in a single Department of Navy facility category listing covering the entire "Military Construction, Navy" appropriation request. However, a separate "non-add" listing or index of all Marine Corps unique facilities, similar to those provided in the past, is both useful and desired.

e. Budget Summary and Indexing. Each Component will provide a one page Budget Summary at the front of the justification book that provides a summary of the total construction program request. The summary will show, by column, the total obligation authority (TOA), budget authority (BA), and authorization requested by PBD decision unit (301, 302, etc.) with subtotals by budget activity. Additionally, the books containing the Forms DD 1391/1391C

should provide, immediately preceding each category section, an index showing facility category code numbers, installation and location, project number and title, cost, and DD 1391 page number. *The index should also identify each project as either new mission or current mission.*

f. Multi-service and National Level Support Programs. Projects providing multi-service or national level support are to be programmed/budgeted under the appropriation, "Military Construction, Defensewide", or, in the case of NATO Security Investment Program, under the appropriation "North Atlantic Treaty Organization Security Investment Program." These are to be determined on a case-by-case basis, and should be identified as early as possible in the program planning phase. Such items will be identified in the POM/PDM process with appropriate programmatic adjustment or treatment during that phase of the review.

g. Should, on rare occasions, other candidates surface following completion of the POM/PDM process, they will require review in the budget review process. The following guidelines apply:

(1) The individual military departments will serve in an executive agency capacity for support of those construction items. The military department assigned executive agency responsibility will continue to provide all necessary and appropriate management support for such projects, including preparation of budget justification materials, and will continue to fully manage and execute the program including the preparation of all budget justification materials and defense of estimates submitted to Congress.

(2) For those projects which have been identified and programmed as multi-service or national level support programs during the POM/PDM process, the executive agent will provide, at the time of its own budget submission, a separate submission consisting of all justification materials (DD 1391/1391C) necessary for OSD/OMB review. Such projects are not to be reflected (duplicated) in the submission covering the department's own program (i.e., financial program, facility category listings, etc.).

(3) For those projects which may surface following the POM/PDM process as possible additional candidates, the sponsoring military departments will include these in their own construction program submissions as outlined earlier in this chapter, within their own fiscal levels, and separately highlight such items, providing a narrative explaining the basis for change.

3. Construction Programs for the Guard and Reserve Forces. Justification materials for the Guard and Reserve construction programs will be submitted on DD Forms 1391/1391C (Project Data). A separate justification book is required for each of the five Guard and Reserve appropriations.

a. The DD Forms 1391/1391C will be in a single volume covering total requirements for each appropriation. The materials will be sequenced in alphabetical order, by state and by installation within state. The justification pages covering the lump-sum amount requested for minor construction will appear last. The DD Forms 1390S will be in a separate section following the DD Forms 1391/1391C. Each book is to include an index in the front, showing the installation and location, project title, project cost, DD 1391 page number, and arranged in alphabetical order by state.

b. Each Guard and Reserve program submission is to include separate listings identifying amounts requested in the budget year for: (a) air and water pollution abatement; and (b) energy conservation investment programs. Each listing is to show the installation and location, project title, project cost, and DD 1391 page number. "Negative response" listings are required to assure complete coverage.

4. Construction Planning and Design. The annual estimates for planning and design are to be identified and justified on DD Form 1391. In preparing the annual estimates, full consideration should be given to the lead-time required to meet the objective of having each construction project at the 35% to 50% design stage at the time the Budget is submitted to OSD. Guard and Reserve component construction projects will meet the design criteria established in DoDD 1225.7, "Reserve Component Facilities Programs," at the time the budget request is submitted to OSD.

a. The Military Departments will develop and submit planning estimates in support of the construction programs for the individual Active Forces, Guard and Reserve programs.

b. The Office of the Secretary of Defense will prepare a DD Form 1391, consolidating estimates to be submitted by the Defense Components having justified requirements for Defense Agencies planning and design funds.

(1) Each Defense Agency having a requirement for planning funds during the current and budget years is to submit its estimates on a DD Form 1391.

(2) The individual Military Departments may have a justified requirement for use of Defensewide planning funds under circumstances where the Military Departments serve as executive agents for certain multi-service or national-level support projects if funding is required to design a project which will be constructed using Military Construction, Defensewide funds. Under such circumstances, the Military Department should submit its estimates on a separate DD Form 1391.

5. Automated Data Requirement. All Military Construction estimates for the Active Forces, Defense Agencies, Guard and Reserve Components shall be addressed in the Exhibit C-1 Construction Annex input prescribed in Chapter 1.

6. Depot Maintenance Projects. For each military construction project involving a depot maintenance facility, include on the Form 1391 a statement that interservicing alternatives were fully considered by the Joint Military Construction Review Board. The purpose of this statement is to assure that facilities being constructed do not duplicate facilities built or being built by another DoD component.

7. Long-Term Facilities Contracts. A DD Form 1390 and 1391 must be submitted for each project proposed under the authorities of 10 U. S. C., Chapter 169. All additional supporting justification should be included in the DD 1390 Form and DD 1391 Justifications. These include

Section 2809 ("Long-term facilities contracts for certain activities and services"), Section 2812 ("Lease-Purchase of Facilities"), Section 2835 (Long-term leasing of military family housing to be constructed"), Section 2836 ("Military housing rental guarantee program"), and other third party financed construction authorities. Private financing initiatives will be closely reviewed to ensure their programmatic and budgetary viability. So that an informed decision regarding inclusion of the project in the budget may be made during the budget review, proposed projects must be supported by an economic analysis. In addition, to establish a reasonable expectation that the long-term facility project meets Congressional guidance that all third party financed projects, including proposed child care facilities, be at least five percent less expensive than regular military construction appropriation, a lease-versus-buy analysis conducted in accordance with the provisions of OMB Circular A-94 must also be submitted as backup documentation for the DD 1391.

a. In development of cost estimates, military construction alternatives should not exceed the published DoD pricing guidance. Private sector construction estimates should be fully supported by documentation and include all pertinent cost factors.

b. Guidance for development of the basic economic analysis required to support these long-term facility contracts is contained in DoDI 7041.3. The separate lease-versus-buy analysis must conform with OMB Circular A-104, and include full life-cycle costs and net present value discounting of each alternative.

c. Proposed child care facilities should also include in their justification the results of a market survey of child care services available in the local community, and the results of a need assessment and installation interest survey that documents and supports the need for the proposed project.

d. Authorization and appropriation procedures for long-term lease and lease-purchase contracts are special cases and may not be treated as regular military construction in some respects. General guidance for the treatment of budget authority, outlays, and scorekeeping

guidelines for lease-purchase and capital lease contracts is contained in OMB Circular A-11.

(1) Under the provisions of public law these contracts may, depending on the authority used, be for periods of up to thirty-two years exclusive of the period of construction. However, for projects proposed under the authority of 10 U.S.C., Sections 2809, 2835, and 2836 the obligation of the United States to make payments under the contract in any fiscal year is subject to appropriations being provided specifically for that fiscal year and specifically for that project.

(2) Annual lease or annual lease-purchase payments commence at the time of beneficial occupancy, usually after the budget year in which the project is proposed for authorization.

(3) Components will request authorization for the full asset value of the contract (the estimated construction or acquisition cost, the differential cost of financing, and any contract termination liability costs). Components will request budget authority for each project in the amount equal to the full extent of the Government's first year liability under the contract (the sum of all cost and contract termination liability costs), in the budget year the project is submitted for approval.

e. Components shall submit proposals for long-term facilities contracts in a separate section in the OSD/OMB Justification books. The section shall be entitled "Long-Term Facilities Contracts". The section will include all DD Form 1390 and DD 1391s for newly proposed projects, and be preceded with an index showing facility category code numbers, installation and location, project number and title, estimated military construction cost and DD Form 1391 page number. Long-term leases and lease-purchases will be separately summarized in the index. In order to assess the long term financial impact of these proposals the section should also include a financial table that provides project data and cumulative totals for; total estimated project authorization, estimated annual lease payment, and year of planned beneficial occupancy.

f. Congressional budget presentation Justification Book guidance is provided in section 0604 of this manual.

g. Following approval of projects for inclusion in the President's Budget, Components may then proceed with project development.

h. In accordance with 10 U. S. C. these projects must be submitted to Congress for final review or approval 21 days in advance of contract award. Unless denied by Congress, Components may make contract award following the 21 day notification period.

(1) Components will submit these projects for approval to the Under Secretary of Defense for Acquisition, and the DoD Comptroller, prior to congressional notification, and again prior to the final submission to Congress.

(2) In order to ensure that only economical investments are approved, and that budget requests are sufficient to cover the full financing of the contract, only those projects demonstrated to be more cost effective than regular Military Construction will be approved for submission to Congress.

8. Construction Programs for Defense Business Operations Fund (Fund)

The Defense Business Operations Fund related capital construction projects costing over \$300,000 will be included in the component military construction appropriation (including budget authority) budget estimates submission for review.

a. Military construction projects supporting the Defense Business Operations Fund (Fund) must be clearly labeled as Defense Business Operations projects. The C-1 Annex will include the Defense Business Operations Fund projects (annotated as such) with their associated budget authority.

b. A separate copy of military construction projects supporting the DBOF will be provided to the Directorate for Revolving Funds, Program/Budget, DoD(C) (Pentagon, room 3B866).

c. Copies of associated economic analysis studies supporting the construction requirements for Fund projects will be separately provided to the Directorate for Construction, Program/Budget, DoD(C) (Pentagon, room 3D840).

9. Facilities Programming and Financing at DoD Installations Utilized by Two or More DoD Components. This section establishes the policy for programming and financing facilities at DoD installations where utilization by more than one DoD Component is involved, including host-tenant relationships.

a. Responsibilities

(1) Single-Use Facilities. The DoD Component requiring a facility for its own use shall program and budget for the construction project involved.

(2) Joint-Use Facilities. The DoD Component which has jurisdiction over the host command shall program and budget for a facility which is planned for the joint use or joint occupancy of two or more DoD Components.

(3) Common-Purpose Facilities. On a case-by-case basis, the individual DoD Components shall function as executive agents for programs whose output directly and uniquely operates to the benefit of two or more DoD Components. The executive agent shall be responsible for planning and programming all facilities.

(4) Required Facilities. Generally, the host Military Department will program and budget an extension, expansion, and/or increase the capacity of the main utilities and communications or transportation systems, consistent with the master plan of the installation, to support any required facilities, including those required by a tenant. However, programming and budgeting for such connecting utilities and communications or transportation systems as an integral part of any single-use facility are the responsibilities of the DoD Components requiring the facility.

(5) Siting Facilities. Siting of any facility for a tenant will conform to

the master plan of the installation or will be in accordance with an agreed-upon location by the DoD Components concerned.

(6) Design. Standards of design and construction will conform to those of the host Military Department, consistent with the master plan of the installation; however, exceptions will be made in those instances where tactical or other operational considerations requiring limited duration of occupancy economically would not justify construction of facilities to higher standards.

b. Utilization

(1) The tenant DoD Component will have exclusive use of any facility constructed for the duration of the tenants requirement. Upon termination of tenancy or use by the tenant, the facility will revert to the host Military Department for utilization without fee.

(2) Should the tenant DoD Component, at a later date have a requirement for use of the same facility, the host Military Department will make the facility, or an acceptable existing facility, available within a reasonable time period to the tenant. The host Military Department will not reconstruct or acquire a new facility for the tenant instead of returning the original facility or an acceptable existing substitute. If the host Military Department is not able to make a facility available to the tenant without creating unacceptable conditions for the host, the tenant will be responsible for obtaining a new facility.

c. Maintenance and Service

Support Determination as to the levels of maintenance and service support and reimbursement therefore will be made by the DoD Components concerned consistent with DoD policies for host-tenant agreements.

060302 Family Housing

A. Purpose

1. This Section prescribes instructions for the preparation and submission of budget estimates for the Services' Family Housing appropriations.

2. Budget estimates will be submitted by the Services and Agencies which have requirements for financing the Family Housing Program as defined in Section 060106.

B. Submission Requirements

1. Budget Estimates. Each DoD Component is to submit data to support the budget requirement for Family Housing on the basis of the accounts and account structure set forth in the detail prescribed in Section 060302 B.3 (Preparation of Material). In addition, each DoD Component will address Family Housing estimates in the Exhibit C-1 Construction Annex input prescribed in Section 010504.

2. General

a. All data (including the OP-5 exhibit) will be provided on 8-1/2 inch by 11 inch size paper, typed across the short dimension of the paper, except for the formal exhibits contained in Section 0605 which have been formatted across the long dimension of the paper (FH-2, FH-3, FH-4, and FH-5). All pages will be bound on the 11 inch side.

b. The family housing budget data will be bound in separate books for the Army, Navy (including Marine Corps, with Debt Payment and Operations and Maintenance Cost for Marine Corps shown separately), Air Force, and Defense Agencies.

c. The number of required copies of the above material is specified in Section 010302.

d. For the biennial budget, separate sections or volumes will be provided for Biennial Year 1 (BY1) and Biennial Year 2 (BY2). For the Biennial Year 2 (BY2) section, BY1 will be considered as the prior year and BY2 as the budget year.

3. Preparation of Material. Submit data using forms and formats as indicate below. Separate tabbed sections will be submitted for each of the categories below (a, b, and 4-18).

a. Index Provide a detailed index to the submission.

b. Summary

(1) Provide a short narrative summary (no more than one page) describing the most significant features of the request. This summary need not cover every facet of the request and is intended to highlight those items of special significance.

(2) Provide a one-page financial summary of the entire request. This should include, as a minimum, the amounts requested for authorization and appropriation for the major programs (Construction, Operation and Maintenance, Utilities, Leasing, Debt and Reimbursable) and for the major subdivisions of these programs, as described below.

4. Legislative Language. Submit the requested authorization and appropriation language. Existing language should serve as a base, with changes and omissions bracketed.

5. Programming and Financing Schedules. Insert a clean copy of automated Programming and Financing Schedules as detailed in Section 010305 of this manual.

6. New Construction

a. Summary. Provide a brief summary of the New Construction program. The summary should include, as a minimum: a short narrative highlighting the most significant features of the request, a comparison of the prior year program with the request, and a listing of each project requested showing location, number of units and the estimated cost. *The index should also identify each project as either new mission or current mission.*

b. Project Justification. For each New Construction project, including the construction of mobile home spaces, the following forms and exhibits are required. Additionally, in accordance with Sections 2823 and 2824 of Title 10 U.S.C., provide documentation of consultations with the Secretary of Housing and Urban Development on the availability of suitable alternative housing at each construction location.

(1) Military Construction Project Data -- DD Form 1391. Form will be prepared in accordance with the instructions

contained in Section 0605 of this manual. It is important to avoid the use of "boiler-plate" justification. Cost estimates for new construction projects will include the maximum level of detail practicable. Any unusual features impacting on the cost of the project must be fully justified. In order to ensure prudent and economic investments a life-cycle, net present value economic cost analysis is required to support all new construction projects estimated to cost in excess of \$ 2 million dollars. Copies of these studies are to be provided with the Family Housing budget estimates. Each DD Form 1391 will (1) state if an economic analysis has been prepared and provide a summary of the results of that analysis, including the calculated savings-to-investment ratio, or (2) provide the specific reasons why an economic analysis is not required. Assemble the DD Form 1391's in the same sequence as the listing of projects on the summary page.

(2) Military Family Housing Justification - DD Form 1523. Form will be prepared in accordance with DoD Housing Management 4165.64-M. Data supplied should be in agreement with the latest formal housing survey for the location, and with the information provided on the DD Form 1390. The date of the survey should be specified. The form must include a statement indicating whether a private sector housing market analysis has been conducted and the date the market analysis was completed. When a market analysis has been conducted and is used as justification for new construction, a copy of the analysis must be available for review upon request. Since this form deals with housing deficit calculations, the DD Form 1523 is required for housing unit and mobile home space projects only.

(3) Tri-Service Family Housing Cost Model - Exhibit FH-1. Provide, for each housing project, the calculations on which the budget estimate is based, using the "Tri-Service Family Housing Cost Model", Exhibit FH-1. The appropriate DoD cost factors should be used in the calculations. *In addition, Tri-Service Family Housing Cost Models should be prepared using metric units of measure.*

7. Post-Acquisition Construction

a. Summary. Provide a general summary of the Post-Acquisition Construction program being requested. The

summary should include, as a minimum: a short narrative highlighting the most significant features of the request, and a comparison of the prior year program with the request. For consistency, the program should be referred to as "Post-Acquisition Construction" rather than "Improvements" or any other title.

b. Project Justification.

Provide a DD Form 1391 covering the entire Post-Acquisition Construction program and DD Form(s) 1391C listing each project requested. Project description should be specific with regard to the work which is to be done (specify the number of units to be improved by the intended occupant grade; senior officer, junior officer, or enlisted), and note planned concurrent RPM non-routine costs. Projects should be arranged alphabetically by state and country. Federal Energy Management Program (FEMP) funding, if any, must be separately totaled. Projects, or portions of projects, for General and Flag Officer Quarters (G&FOQ) must be identified separately.

For improvement projects where the cost per unit will exceed sixty percent of the current replacement value of the unit the project must be supported by a life-cycle economic analysis that demonstrates that renovation is more cost effective than new replacement construction or other available alternatives, such as demolition and reliance on housing allowances.

c. Projects in Excess of

\$50,000 Per Unit. A separate DD Form 1391 is required for each project for which the per unit cost is in excess of \$50,000, multiplied by the appropriate DoD area cost construction index. In the case of improvements necessary to make the unit suitable for habitation by a handicapped person this threshold is increased to \$ 60,000 multiplied by the applicable area cost factor. The cost estimate should also include concurrent repair to be funded under O&M. The justification for the project must detail the findings of an economic analysis and the resulting savings-to-investment ratio. Any unusual features impacting on the cost of the project must be clearly cited. Additionally, note the total Post-Acquisition Construction and non-routine maintenance for the unit or set of units over the past five years.

d. Restriction on the Amount Invested in Improving Foreign Source Housing

Units. The three-year limitation on overseas units is \$ 35,000. If the Services intend to program improvements to specific units which exceed \$35,000 over a period of three years, total funding should be requested in one year. The justification for each unit should identify all improvements and major maintenance work done in the past three years, and all improvements and major maintenance planned in the following three years.

8. Rental Guarantee Housing. For each rental guarantee housing project, both foreign and domestic, provide a listing showing: (1) location, (2) number of units (by intended occupants (senior officer, junior officer, enlisted), (3) term of contract, (4) fiscal year and month of contract renewal, and (5) maximum termination costs.

9. Advance Planning and Design. All requirements for Advance Planning and Design should be submitted in the format prescribed for military construction.

10. Operation and Maintenance
Summary

a. Narrative Summary. Provide a brief general summary of the entire Operations and Maintenance program being requested, excluding leasing and debt. The summary should include, as a minimum: a short narrative highlighting the most significant features of the request, and a comparison of the prior year program with the request.

b. Inventory and Funding
Summary.

(1) Provide the data called for on the attached Exhibit FH-2, "Operations and Maintenance, Summary." Separate exhibits should be provided for: (1) Conterminous U.S., (2) U.S. Overseas and Possessions, (3) Foreign, and (4) Total.

(2) Provide the total civilian personnel compensation for all U.S. Direct Hires, Foreign National Direct Hires and Foreign National Indirect Hires. This information should be provided for the prior year, current year and budget years in the format of Exhibit OP-8, Civilian Personnel Costs, shown in Section 030402 of this manual. This exhibit is only required for

inclusion in the OMB/OSD review, but should be provided separately for the President's Budget submission.

c. Historic Housing Costs.

The Statement of the Managers 101-345, on the DoD Appropriations Act for FY 1990, directed changes in the reporting of maintenance and repair costs associated with historic housing. Costs associated with Family Housing maintenance (improvements and repairs), should be reported on Exhibit FH-6 for both the OMB/OSD review, and for the President's Budget submission.

11. Operations. The sub-elements of Operations are Management, Services, Furnishings and Miscellaneous. For each of these provide:

a. Summary. A short narrative describing what the funds will be used for and highlighting the most significant features of the request. For the Furnishings program only, provide additional information in the format of Exhibit FH-3, "Furnishings Summary".

b. Reconciliation of Increases and Decreases. A reconciliation of increases and decreases, at the worldwide level, between the amounts requested in the President's Budget for the current year and budget years. The format of this reconciliation is to be identical to Attachment 1 to the OP-5 shown in Section 0605 of this manual. For each program increase or decrease, quantitative and qualitative information relative to the proposed change should be provided. Increases and decreases should address specific adjustments in the program, particularly changes in the number of family housing units being supported, changes in the FH-2 and FH-3 exhibits, etc.

12. Utilities. For the Utilities program, separate from Operations, provide the following:

a. A short narrative describing what the funds will be used for and highlighting the most significant features of the request. This should contain a section dealing with energy consumption reductions accomplished and progress made towards meeting Congressional and Defense energy conservation goals.

b. A breakout of KWH of electricity, tons of coal, cubic feet of gas, barrels of oil and other energy usage which supports the request for utilities.

c. Reconciliation of Increases and Decreases. A reconciliation of increases and decreases, at the worldwide level, between the amounts requested in the President's Budget for the current year and budget years. The format of this reconciliation is to be identical to Attachment 1 to the OP-5 shown in Section 0605 of this manual. For each program increase or decrease, quantitative and qualitative information relative to the proposed change should be provided. Increases and decreases should address specific adjustments in the program, particularly changes in the number of family housing units being supported, changes in the FH-2 exhibit, etc.

13. Maintenance

a. Provide a short narrative describing what the funds will be used for and highlighting the most significant features of the request.

b. Reconciliation of Increases and Decreases. A reconciliation of increases and decreases, at the worldwide level, between the amounts requested in the President's Budget for the current year and budget years. The format of this reconciliation is to be identical to Attachment 1 to the OP-5 shown in Section 0605 of this manual. For each program increase or decrease, quantitative and qualitative information relative to the proposed change should be provided. Increases and decreases should address specific adjustments in the program, particularly changes in the number of family housing units being supported, changes in the FH-2 exhibit, etc.

c. Provide a summary on the backlog of deferred maintenance. Describe the plans for reducing the backlog to a manageable level. Provide an analysis of types of projects, type and accuracy of reporting and special efforts to reduce the backlog. Provide a table showing, for BY-3 through BY2, (1) backlog at beginning of year, (2) recurring maintenance arising during the year, (3) maintenance funds approved or planned, (4) backlog at end of year, and (5) backlog reduction (-) or growth (+) during the fiscal year.

14. Maintenance and Repair Over \$15,000 Per Unit

a. Using DD Forms 1391 and 1391C, provide data on maintenance and repair projects for which the per unit cost exceeds \$15,000. As a minimum, the 1391C should provide, for each project: (1) location, (2) number of units, (3) age of units, (4) per unit cost, (5) total square footage of unit and square footage of project, (6) total cost, and (7) short narrative description and justification of the work, including results of economic analysis and savings-to-investment ratio. Additionally, note the total Post-Acquisition Construction and non-routine maintenance for the unit or set of units over the past five years. Projects should be listed alphabetically by state and country, as with the Post Acquisition Construction projects.

b. Projects which appear as concurrent maintenance and repair on the 1391's for Post-Acquisition Construction (see Section 060302 B.7 above) will be shown here if they exceed the \$15,000 per unit threshold, with a notation stating that the project is also shown in the post acquisition construction section.

15. G&FOQ O&M Costs Over \$25,000 Per Unit

a. Provide a summary statement detailing your efforts to control and reduce expenditures for these "high-cost" units.

b. Provide a listing of all General and Flag Officer Quarters (G&FOQ) for which total Operation and Maintenance cost exceeds \$25,000 for the Budget Year. Listing should include, for each: (1) location, (2) quarters identification, (3) size of unit, (4) age of unit, (5) operations total, (6) utilities total, (7) maintenance total, (8) total O&M, and (9) short narrative description and justification of the work, including results of economic analysis and savings-to-investment ratio. Additionally, note the total Post-Acquisition Construction and maintenance costs for the unit or set of units over the past five years.

c. This listing will include all G&FOQ projects for which total Operation and Maintenance exceeds \$25,000, including those listed in other sections of the submission.

d. Provide a similar listing for the Prior Year and Current Year units with O&M over \$25,000 and which were not included in the previous budget request.

16. Reimbursable Program.

Provide a detailed justification for the Reimbursable Authority requested. Include information on what precisely is funded through the reimbursable program and details on the sources of receipts for the prior year, current year and budget year.

17. Leasing

a. Provide a brief summary statement describing the program and highlighting major initiatives for which funds are being requested.

b. For domestic and foreign leases, provide a summary justification statement. Also provide data on the leasing program in the format of Exhibit FH-4, "Analysis of Leased Units." Information should be provided at the installation or community level, whichever is most applicable. For each new project requested, also include a full justification and description, in the same format as for a New Construction project (see Section 060302 B.6 above).

c. Reconciliation of Increases and Decreases. A reconciliation of increases and decreases, at the worldwide level, between the amounts requested in the President's Budget for the current year and budget years. The format of this reconciliation is to be identical to Attachment 1 to the OP-5 shown in Section 0605 of this manual. For each program increase or decrease, quantitative and qualitative information relative to the proposed change should be provided. Increases and decreases should address specific adjustments in the program, particularly changes in the number of family housing units being supported

d. For each new Section 801 lease project requested, include a full justification and description, in the same format as for a New Construction project (see Section 060302 B.6 above), including the results of the economic analysis.

e. Under Section 2828 of 10 U.S.C. the Services are allowed not more than 350

exceptions to the high cost limit of \$20,000.00 rental expenditure per unit per annum (including the costs of utilities, maintenance, and operation). This limit is \$20,000.00 as adjusted for foreign currency fluctuation from October 1, 1987. To determine the impact of foreign currency fluctuation on the rental rate, this high cost "cap" rental rate must be computed for each foreign country, each year to adjust for the impact of foreign currency fluctuation. After the cap of \$20,000.00 U.S. dollars is adjusted by country, the adjusted rate becomes the new cap for determining whether a lease must be counted against the exception limit for a given budget year. Then, if a rental exceeds the adjusted maximum cost, it counts against the high cost ceiling limitation of 350 units DoD-wide. For each nation the formula that is to be applied is: $\$20,000.00 \times [\text{exchange rate FY 1988} \div \text{current budget exchange rate}] = \text{new cap limit}$.

(1) Where the "exchange rate FY 1988" is the exchange rate that was published by the USD(C) for use in preparing the FY 1988 budget estimates, stated in units of foreign currency for one (1) U.S. dollar.

(2) Where the "current budget exchange rate" is the rate published by the USD(C) for use in preparing the fiscal year budget estimates for which the lease funds are being requested, stated in units of foreign currency for one (1) U.S. dollar.

(3) The new cap limit is the maximum amount in dollars that a lease may cost per unit per annum for each nation, before that unit must count against the worldwide 350 unit limit on exceptions for high cost leases for the fiscal year for which the budget resources are being requested.

(4) Provide a summary table showing application of the above formula for each nation where high cost leases exist or are proposed, and the total number of such leases.

18. Debt Payments

a. Provide a brief justification statement describing the requested program.

b. Provide a table identifying separately the total of the principal payments, and interest charges, and the totals for the Servicemen's Mortgage Insurance Premium program for the prior, current, and budget years.

c. For the Servicemen's Mortgage Insurance Premium program provide a listing showing, for each fiscal year: the number of terminations, the number of mortgages on which payments are to be made, the average payment per mortgage, and the estimated payments for the year. This table should start with the prior year, and end with BY+1.

060303 Homeowners' Assistance Fund, Defense

A. Purpose

1. This Section provides guidance for the preparation and submission of Homeowners' Assistance Fund, Defense budget estimates under the Department of the Army allocation account.

2. Budget estimates will be submitted only by the Department of the Army since that Department has been assigned the overall responsibility for the administration and management of the Department of Defense Homeowners' Assistance program by DoD Directive 4165.50.

3. *Each Component is responsible for including sufficient resources in their budget estimate to fund Homeowners Assistance Program (HAP) costs related to their Component's actions associated with base closures, realignments, and force reductions. The level of resources required to fund HAP costs shall be developed in consultation with the Army, as the HAP executive agent. Budget estimates for HAP shall be separately identified and submitted in Component BRAC submissions for HAP costs associated with realignments and closures and in the O&M submission for non-BRAC related HAP costs.*

B. Submission Requirements

1. Submit a narrative explanation and description for current and budget years, setting forth estimated cases of assistance by type and location, including a summary of management and disposal actions by the Federal Housing Administration relating to acquired property.

2. The following exhibits, provided in Section 0605, will be submitted:

- HA-1 Workload and Obligation Data
- HA-2 Status of Accounts
- HA-3 Work Unit Data
- HA-4 Program and Financing

In addition, the Army will address Homeowners' Assistance Fund estimates in the Exhibit C-1 Construction Annex input prescribed in Section 010504.

3. Required copies of the above material are identified in Section 010302.

4. For the biennial budget, separate sections or volumes will be provided for Biennial Year 1 (BY1) and Biennial Year 2 (BY2). For the Biennial Year 2 (BY2) section, BY1 will be considered as the prior year and BY2 as the budget year.

C. Preparation of Material. All material will be provided on 8-1/2 inch by 11 inch size paper, and bound on the long side. All narrative data will be typed across the short dimension of the paper, while Exhibits HA-1, 2, 3 and 4 will be typed across the long dimension.

060304 North Atlantic Treaty Organization
(NATO) Security Investment Program

A. Purpose

1. This section provides guidance for preparation and submission of the NATO Security Investment Program budget estimates.

2. Budget estimates will be submitted by the OUSD(A&T) since that office has been assigned the overall responsibility for the oversight and management of the NATO Security Investment Program by DoDD 2010.5.

B. Submission Requirements. *Submit a list of requirements at the project level. The listing should be sufficiently detailed to identify discrete projects and initiatives. Aggregations at the capability package level i.e., Defense of the Mediterranean, are not sufficiently detailed and should be broken down further to show the individual projects/initiatives comprising*

the capability packages. A narrative explanation and description of each of the requirements for the current and budget years should be provided.

C. Preparation of Material. All material will be provided on 8-1/2 inch by 11 inch size paper, and bound on the long side. All narrative data will be typed across the short dimension of the paper.

0604 CONGRESSIONAL
JUSTIFICATION/PRESENTATION

060401 Purpose

A. This Section presents the justification book organization and the exhibit requirement for submission to Congress. Examples of budget exhibits can be found in Section 0605.

060402 Organization of Justification Books

A. Justification material will be organized into one volume entitled:

Supporting Data for Fiscal Year
19BY1/19BY2 Budget Estimates
Descriptive Summaries

B. This volume will be divided into two sections, organized as shown on the following pages:

ORGANIZATION/EXHIBIT REQUIREMENTS

A. OrganizationTable of Contents and Summary Data

The summary data will include a state list of all major, minor and family housing construction projects.

Section 1 Special Program Considerations

This section will include the following topics with a short narrative or summary table, and other special interest items as applicable.

Facilities Funded Through Other Than Military Construction
Pollution Abatement Program
Energy Conservation Program
Drug Interdiction Program

Section 2 Budget Appendix Extract

Language
Program and financing schedule (see Section 010401)
Object classification schedule (see Section 010401)
Personnel summary

Section 3 Installation and Project Justification Data
DD Forms 1390 and 1391Section 4 Architectural and Engineering Services and Construction DesignSection 5 Unspecified Minor ConstructionSection 6 Defense Access RoadsSection 7 Family HousingSection 8 Homeowners' Assistance (Army Only)Section 9 Long-Term Facilities ContractsSection 10 Defense Business Operations Fund Capital Construction

B. Biennial Budget Submission. For the biennial budget, separate sections or volumes will be provided for Biennial Year 1 (BY1) and Biennial Year 2 (BY2). For the Biennial Year 2 (BY2) section, BY1 will be considered as the prior year and BY2 as the budget year.

C. The volume will be organized by state/country and location. Projects should be shown in precisely the same order as they appear in the State List portion of the Construction Annex (C-1).

D. All construction line items included in the funding program in support of the total obligational authority for the Military Construction appropriations in the President's Budget will be summarized on Installation and Project Justification Data, DD Forms 1390 and 1391/1391C. In addition to data provided on DD Forms 1390 and 1391, justification books submitted to the House and Senate

ORGANIZATION/EXHIBIT REQUIREMENTS

Appropriations and Armed Services Committees in support of Military Construction Program requests will contain supplemental data prepared in the formats prescribed below on the reverse of DD Form 1391. The Guard and Reserve Forces will use a DD Form 1390S continuation page in lieu of DD Form 1390. All forms required for a project will be grouped and combined in the same book arranged in category code order within state and station.

E. Section 5 will include an exhibit entitled "Long-Term Facilities Contracts", separately listing projects proposed under 10 U. S. C. Sections 2809 and 2812 authorities, arranged in the same order as they would appear in the State list portion of the Construction Annex (C-1). This exhibit will be followed by the DD Forms 1390 and 1391 for each new project proposed. The section will also include a special financing table reflecting both prior approved long-term facility contracts and new requests, as specified in Section 060301 B.7.

F. Section 060502 contains detailed instructions for preparation of DD Forms 1390 and 1391/1391C. Detailed instructions for preparation of the supplementary justification material are given in Section 060405. The following additional instructions apply:

1. In addition to other data requirements, components are required to indicate on the DD Form 1391C for each individual project a statement indicating whether or not an economic analysis has been utilized in evaluating the project. In those instances where an economic analysis has not been prepared, a statement is required indicating why such analysis is not applicable or pertinent.

2. Lump-sum requests for a number of construction projects at a single location or for related projects at several locations will not be considered.

3. Projects associated with intelligence or intelligence-related operations will be so identified. Block 5, Program Element, DD Form 1391, will include the annotation "NFIP", "JMIP", or "TIARA" as appropriate.

4. *Consistent with Executive Order 12770 of July 25, 1991, Military Construction and Family Housing budget submissions, including DD Forms 1390 and 1391, should be prepared using metric units of measure.*

5. *All DD Forms 1391 should include a name and phone number of the civil engineer at the installation responsible for the requested project. This information should be displayed in the bottom left hand corner on the last page of the 1391.*

G. Justification Book Covers and Binding of Data

1. *Justification materials will be provided on 8-1/2" x 11" white paper, typed across the short dimension of the paper (portrait) with 3 holes punched on the left margin and bound with Acco fasteners. Material is to be printed on both sides of the page using 1" margins. The DD Form 1390 should be printed on white paper, not on yellow paper as previously required.*

2. Justification book covers will be 220 index stock using the following colors: Army - green; Navy - buff; Air Force - blue; Defensewide - white. Covers will bear the appropriate security classification (should any volume require such classification), title of the appropriation and fiscal year, and the phrase "Justification data submitted to Congress." The designation "For Official Use Only" will not be used.

3. Separate justification books will be prepared for those projects which require classified information on the DD Forms 1390 and 1391/1391C.

ORGANIZATION/EXHIBIT REQUIREMENTS

4. The individual Defense Agencies will submit either originals of DD Forms 1390 and 1391/1391C, or copies of a quality suitable for printing. These are to be used for preparation of consolidated justification books for submission to Congress. These submissions are not to be punched or bound. Pages are not to be numbered. Covers are not required. One complete set of each is to be delivered to: the OUSD(C) Program/Budget, Directorate for Construction; and the ODUSD(Industrial Affairs and Installations).

5. Each justification book (and each submission of the Defense Agencies described in Paragraph 4, above) is to include an index of installations and projects by state and country, arranged alphabetically, in precisely the same order as the projects appear in the State List portion of the Construction Annex (C-1).

060403 Submission of Military Construction Justification Books

A. Review by OSD. Before the justification material can be released by the Military Departments to the Congress, it must be reviewed by USD (Comptroller) to assure that policies and decisions made by the President and Secretary of Defense are fully reflected. Justification material prepared by the individual Defense Agencies will be submitted to USD(C) as requested for preparation of consolidated justification books for submission to the Committees on Appropriations.

B. Security Clearances. Each Military Department will be responsible for the clearance of its justification books through OSD Security Review. USD(C) will be responsible for the clearance of the Defense Agencies justification books through OSD Security Review.

C. Number of Copies. Three advance sets of justification books will be forwarded for review to the Directorate for Construction, OUSD(C), Room 3D841, Pentagon. See Chapter 1 for the detailed instructions on number of copies and distribution of printed material.

D. Instructions for Preparation of Supplemental Justification Data in Support of Annual Military Construction Programs. Each data requirement shall be filled in as appropriate including negative responses to indicate that the item has been addressed.

1. Instructions for Preparation of Summary Lists Each Military Service and Defense Agency shall prepare a State List and an Installation List. These lists shall include every project for which funds have been requested.

2. Instructions for Preparation of DD Form 1390 Supplemental Installation Data. The following data shall be provided in an appropriate place on DD Form 1390:

a. Outstanding Pollution and Safety (OSHA) Deficiencies

(1) Air Pollution. Enter cost of all air pollution abatement projects for the out years. Do not include cost of budget year projects.

(2) Water Pollution.

Follow instructions for Air Pollution, a.1., above.

(3) Safety and Occupational Health Deficiencies. Follow instructions for a.1 above and use definitions cited in Section 060403 above for this data.

3. Instructions for Preparation of DD Form 1391 Supplemental (Facility) Data. The following data shall be provided for each facility in the program using the back of standard DD Form 1391.

a. Design Data (Estimates)

(1) Status

(a) Enter date design was started (i.e., date when all appropriate design contracting procedures have been completed and the designer directed to proceed with design).

(b) Enter the percent of design completed as of January 1, of the year in which the budget is submitted to the Congress (e.g., January 2, 1992, for FY 1993 projects).

(c) Enter date design expected to be 35% completed.

(d) Enter date design will be completed (i.e., date when all reviews will be completed and construction contract ready for advertising).

(e) Include the annotation "parametric estimates have been used to develop project cost" if the cost estimate is based on parametric estimates in lieu of 35% design.

(2) Basis.

(a) Indicate whether or not design is based on a standard or definitive design.

(b) If answer to (a) is affirmative, indicate where design was previously used.

(3) Total Design Cost.

Indicate total federal cost (all costs to be charged to planning and design accounts) as follows:

(a) Cost of the production of plans and specifications (those costs included within the 6 percent statutory cost limitations).

(b) All other costs of design

(c) Total Cost (a + b or d + e).

(d) Amount of cost estimated to be spent on contracts.

(e) Amount of cost to be spent in-house (total cost if design is all within house; overhead and administration costs if design is contracted out, or other breakout.

(4) Construction Start

Date. Indicate month and year construction is planned to start.

b. Equipment Associated with This Project Which Will be Provided From Other Appropriations List only those items which support the cost shown in Block 9 of the DD Form 1391, for Equipment Provided from Other Appropriations. Enter the equipment nomenclature, procuring appropriation, fiscal year in which the equipment was appropriated or is to be requested and the cost in thousands of dollars.

c. DBOF Projects. DD 1391s submitted in support of Defense Business Operations Fund Capital Budget requirements will be labeled as such in Block 4, above the project title.

060404 Submission of Family Housing Justification Books

A. Family Housing Justification, Military Departments. The format for the Congressional justification books for Family Housing will be identical to that detailed in Section 060302 for the budget estimates, with the following exceptions:

1. Submission Requirements.

Family Housing Congressional justification material will be submitted with the Military Construction justification books for each military department. The Family Housing material should follow that provided for Military Construction. (See Section 060302B.2.b)

2. Military Construction Program

-- DD Form 1390. Form will be prepared in accordance with section 060502. One form is required for each location. Personnel data should be based on latest approved totals for the installation or area. Inventory data should include only Family Housing assets. The form should be printed on *white* paper, and should precede the DD 1391.

3. Tri-Service Family Housing Cost Model. This form is not required. (See Section 060302B.6.b.(3)).

4. Civilian Personnel Costs -- Exhibit OP-8. This form is not required. (See Section 060302B.10.b.(2)).

5. Furnishings Summary -- Exhibit FH-3. This form is not required. (See Section 060302B.11.a)

6. Submission by Department of the Army Only. Since the Department of the Army has been designated as the agent to execute the Homeowners' Assistance Program for the Department of Defense, only the Department of the Army will submit justification material as described in Section 060303.

B. Family Housing Justification, Defense Agencies1. Component Responsibilities.

Separate justification material, in the format described in Section 060302 and similar to that specified above for the Military Departments, will be provided by the individual Defense Agencies. The submissions will provide separate Construction, Operation and Maintenance, and Leasing exhibits, as appropriate, for Defense Intelligence Agency, Defense Logistics Agency, and National Security Agency.

2. Consolidation and Review by OSD. Original pages of justification material

prepared by the individual Defense Agencies will be submitted to the Directorate for Construction, OUSD(C) Program/Budget, Room 3D841, as requested by the call letter for the preparation of consolidated justification books for submission to the Congress. One copy of the justification material should be submitted concurrently to the ODUSD(Industrial Affairs and Installations).

3. Justification Material Format.

Justification material submitted by the Defense Agencies will be unbound. Covers are not required. Pages will not be numbered. All data will be provided on 8-1/2 inch by 11 inch paper, typed across the short dimension of the paper with 1 inch margins, except for the FH-2, and FH-4 exhibits, which will be typed across the long dimension.

4. Classification. All justification material will be unclassified.

060405 Submission of Justification Books for the Homeowners' Assistance Fund, Defense Appropriation

A. Organization of Justification Books.

Justification data will include items detailed in Section 060303 for the budget estimates. Material will be incorporated as the final section of the Army's book.

B. Submission by Department of the Army Only. Since the Department of the Army has been designated as the agent to execute the Homeowners' Assistance Program for the Department of Defense, only the Department of the Army will submit justification data.

C. Review by OSD. Before the justification material can be released to the Congress, it must be reviewed by the USD(C) to assure that policies and decisions made by the President and Secretary of Defense are fully reflected.

D. Security Clearances. The Department of the Army will be responsible for clearance of the justification book through OSD Security Review.

E. Number of Copies. See Section 010401 for instructions on the number of copies required and the distribution.

0605 MILITARY CONSTRUCTION/FAMILY
HOUSING APPROPRIATION
SUBMISSION FORMATS

060501 Purpose. The formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

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INSTRUCTIONS FOR PREPARATION OF
DD FORM 1390, "FY_ MILITARY CONSTRUCTION PROGRAM"

The DD Form 1390 will be used by the active services to list the projects proposed for inclusion in the Military Construction Program, including requests for (1) new authorization; (2) funding of new authorization; and (3) funding of prior years' authorization. The Guard and Reserve Forces will use a DD Form 1390s instead of the DD Form 1390.

Instructions for preparation of DD Form 1390 follow:

Items 1 and 2 - Component and Date: Self explanatory. Date prepared or the date the budget estimate submission is due to OSD.

Item 3 - Installation and Location: Enter the official name of the installation. Enter the name of the state if within the United States or the name of the country or island chain if outside the United States. In the case of Guard and Reserve facilities, enter the city and state if the facility is not to be constructed on a military installation. Use "classified location" only when necessary to meet security classification guidelines.

Item 4 - Command: Enter the name of the host major command responsible for management control of the installation.

Item 5 - Area Construction Cost Index: Enter the construction cost index used in estimating the cost of the project(s). Consult the latest guidance published by DUSD(IA&I).

Item 6 - Personnel Strength: Enter personnel strengths for permanent, student, and support activities. Include transient personnel where applicable.

a. As of: Enter September 30 of the year of submittal to OSD.

b. End FY 19__: Enter end of the budget year, plus 5 years.

Item 7 - Inventory Data (\$000):

a. Total Acreage: Enter the number of acres owned and/or leased by the Government, under accountability of the Military Department concerned, as shown in the latest Inventory of Military Real Property.

b. Inventory Total As Of September 30 __: Enter the date and the current real property inventory total (except land rent). These totals should include inventory amounts for family housing.

c. Authorization Not Yet In Inventory: Enter the amount of funded and unfunded authorization for the construction of facilities or acquisition of land which have not been included in the September 30 Inventory of Real Property. This amount will include only such authorization as is related to either the Military Construction Program or the Family Housing Program as the case may be.

d. Authorization Requested In This Program: Enter the total cost for construction and land acquisition being requested for authorization in the budget year.

e. Authorization Included in Following Program: Enter the total estimated cost of construction and land acquisition required for authorization for the program year following the budget year.

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f. **Planned in Next Three Program Years:** Enter the total estimated cost of construction and land acquisition required for the three years beyond the budget year and following year programs (i.e., second, third, and fourth years beyond the budget year). This amount should agree with the data used in the preparation of the military construction or family housing estimates contained in the Future Years Defense Program.

g. **Remaining Deficiency:** Enter the total estimated cost of construction and land acquisition required for existing facilities deficiencies remaining beyond the three program years covered in 7.f., above.

h. **Grand Total:** Enter the total of items 7.b. through 7.g..

Item 8 - Projects Requested In This Program: Installation or activity projects for the budget year shall be listed individually with attendant information provided in the appropriate column. Both major and minor construction projects are to be included as shown on the sample form.

a. **Column 1 - Category Code:** Enter the applicable category code consistent with the category code shown in Item 6 of the DD Form 1391 for the project.

b. **Column 2 - Projects Title:** Enter the project title consistent with the title shown in Item 4 of the DD Form 1391.

c. **Column 3 - Scope:** Enter the same quantity shown in Item 9 of the DD Form 1391, "Cost Estimates," and include the unit of measure (e.g., SM, SY, LF, PR, EA, CY, etc.). In those instances where a specific quantity cannot be satisfactorily identified, enter LS for lump sum.

d. **Column 4 - Cost (\$000):** Enter the project cost consistent with the cost shown in Item 8 of the DD Form 1391. If two or more projects are listed, enter the total in this column, and use this figure in Item 7.d., above.

e. **Column 5 - Design Status:** Enter the most accurate possible dates for the start and completion of design using numerals (e.g., 6/94, 11/95).

Item 9 - Future Projects:

a. **Included in Following Program (FY_):** List all installation projects regardless of the number and include columnar data comparable to that provided in Item 8, but leave design status blank.

b. **Planned Next Three Years:** List projects planned for next three years in 9.b. and include columnar data comparable to that provided in Item 8., but leave design status blank. The total costs of the projects listed under Items 9.a. and 9.b. should be identical to the entries under Items 7.e. and 7.f., respectively. If additional space is required to list all projects under Items 9.a. and 9.b., a separate sheet of paper should be utilized.

Item 10 - Mission or Major Functions: Enter the principal types of peacetime units and/or functions assigned or scheduled for assignment to the installation that require facilities or substantially contribute to the base population. Also enter the current mission stating precisely what the activity will do and list the major functions performed. All entries should address the time period shown in Items 6.a. and 6.b..

Item 11 - Outstanding Pollution and Safety Deficiencies (\$000): List all projects included in the budget request and planned for the next three years that are programmed for outstanding pollution and safety deficiencies. Use the format in Item 8.

Notes:

1. Space requirements for Items 8, 9, 10, and 11 may vary. Therefore, remaining space on the DD Form 1390 may be utilized as necessary for the specific entries and continued on a separate sheet of paper. A solid black line should be used to set Items 8, 9, 10, and 11 apart and individual item titles and subheadings should be added.

2. Projects that were authorized (but not appropriated) in prior years will be listed in the same manner as projects for which new authorization is requested. The fiscal year in which the project was authorized will be shown after the project title in Item 8.

INSTRUCTIONS FOR PREPARATION OF
DD FORM 1390s, "FY_ GUARD AND RESERVE FORCES MILITARY CONSTRUCTION"

The DD Form 1390 will be used by the Guard and Reserve Forces to supplement the data entered in the DD Form 1391, FY 19_ Military Construction Program..

Instructions for preparation of DD Form 1390s follow:

Item 1 - Component: Enter the specific Guard or Reserve Forces component of the active services. Recognized abbreviations such as ARNG (Army National Guard); ANG (Air National Guard); etc., are acceptable.

Item 2 - Date: Date prepared or the date the budget estimate submission is due to OSD.

Item 3 - Installation and Location: For facilities not located at DoD installations or commercial airfields, enter the name of the city and State in which the projects are located. For other facilities, enter the name of the DoD installation and its geographical location to the extent that it is not included in the installation name.

Item 4 - Area Construction Cost Index: Enter the construction cost index used in estimating the cost of the project(s). Consult the latest guidance published by DUSD(IA&I).

Item 5 - Frequency And Type Of Utilization: Enter the type of utilization (e.g., weekend drill, weeknight drill, unit training activities, annual active duty for training, etc.) and indicate number of days the installation is used per month/year, as appropriate.

Item 6 - Other Active/Guard/Reserve Installations Within 15 Mile Radius: List the nearest six existing Active and existing or programmed (within the next five years) Reserve component facilities and their distances, within a fifteen mile radius of the proposed construction site. If no facilities exist within the fifteen mile radius, identify the three closest installations. Indicate the year the facilities were constructed and the size of the facility.

Item 7 - Projects Requested In This Program: Installation or activity projects for the budget year shall be listed individually with attendant information provided in the appropriate column. Both major and minor construction projects are to be included.

a. **Column 1 - Category Code:** Enter the applicable category code consistent with the category code shown in Item 6 of the DD Form 1391.

b. **Column 2 - Project Title:** Enter the project title consistent with the title shown in Item 4 of the DD Form 1391.

c. **Column 3 - Scope:** Enter the same quantity shown in Item 9 of the DD Form 1391, Cost Estimates, and include the unit of measure (e.g., SM, SY, LF, PR, EA, CY, etc.). In those instances where a specific quantity cannot be satisfactorily identified, enter LS for lump sum.

d. **Column 4 - Cost (\$000):** Enter the project cost consistent with the cost shown in Item 8 of the DD Form 1391. If two or more projects are listed, enter the total in this column. In the case of Army National Guard projects where part of the financing is from other than Federal sources, enter only the Federal share.

e. Column 5 - Design Status: Enter the most accurate possible dates for the start and completion of design using numerals (e.g., 6/94, 11/95).

Item 8 - State Guard/Reserve Forces Facilities Board Recommendations (Date): Enter the following statement "facilities identified in Item 6 have been examined by the State Reserve Forces Facilities Board for possible joint use/expansion. The Board recommendations are ____." (Note: Project folders will contain justification data to support the recommendation.)

Item 9 - Land Acquisition Required (Number of Acres): Enter the acreage required for the project and the method of acquisition (e.g., fee, title, donation, lease, etc.). For all projects involving land acquisition, a site survey must be conducted in accordance with DoD Directive 1225.5 and the following statement must be entered, either in Item 9 or Item 10: "Site survey has been completed and site is suitable for constructing the proposed project at the estimated cost indicated."

Item 10 - Projects Planned In Next Four Years: Enter the Project Title and Estimated Cost for projects planned at the installation identified in Item 3 for the next four years beyond this program year. A maximum of five projects should be identified. For armory-type projects, list those facilities which are programmed for replacement within the next four years within a fifteen mile radius of the proposed project as well as the year the facilities were constructed. If none are planned, so indicate. Items shall contain columnar data comparable to that provided in Item 7 with the exception of design status which should be left blank.

Item 11 - Personnel Strength As Of ____: In the appropriate columns, enter the number of authorized and actual personnel at this facility as of six months prior to project submission.

Item 12 - Reserve Unit Data: List the designated units assigned and/or scheduled to be trained in the requested facilities. Enter the corresponding authorized and actual strengths of each unit, indicating actual strength as of the date listed in Item 11.

Item 13 - Major Equipment and Aircraft: List the vehicular and/or other large equipment and aircraft which are to be accommodated at the installation and which have a bearing on the type and/or scope of the facility requirement. When vehicle maintenance shops are being requested, the Weighted Equipment Density (WED) for the vehicles to be maintained will be included in this item.

1. COMPONENT	FY 19__ MILITARY CONSTRUCTION PROJECT DATA			2. Date	
3. INSTALLATION AND LOCATION				4. PROJECT TITLE	
5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	PROJECT COST (\$000)		
9. COST ESTIMATES					
ITEM	U/M	QUANTITY	Unit Cost	Cost (\$000)	
10. DESCRIPTION OF PROPOSED CONSTRUCTION					

1. COMPONENT	FY 19__ MILITARY CONSTRUCTION PROJECT DATA			2. Date
3. INSTALLATION AND LOCATION			4. PROJECT TITLE	
5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	PROJECT COST (\$000)	

INSTRUCTIONS FOR PREPARATION OF
DD FORM 1391/1391C
"FY _MILITARY CONSTRUCTION PROJECT DATA"

1. The DD Form 1391 will be used, as applicable, by the Active, Guard, and Reserve Forces to support each project proposed for inclusion in the Military Construction Program. This includes both new authorization projects in the program as well as urgent unforeseen projects using emergency or contingency authorization. This form will also be used to transmit supporting data for the following types of projects:

- a. Minor construction projects, 10 U.S.C. 2805.
- b. Operation and maintenance type projects required to be submitted to OSD in accordance with the provisions of DoD Directives 4270.36, 1225.7 and 4165.6.
- c. Nonappropriated fund construction projects requiring OSD concurrence or approval.
- d. Nonappropriated fund construction projects requiring OSD concurrence or approval.
- e. Family housing projects.

2. The continuation sheet (DD Form 1391c) will be used as required for explanation of the requirement for the project (item 11.) and other mandatory statements concerning flood plains and wetlands environmental impact, accessibility to the handicapped, fallout shelters, etc. However, when submitting an annual Military Construction Program, these mandatory statements may be included in the front of the program book.

3. Instructions for preparation of DD Form 1391 are outlined below:

- a. ITEMS 1 and 2 - COMPONENT AND DATE: Self-evident.
- b. ITEM 3 - INSTALLATION AND LOCATION: Enter the official name of the installation. Use code name or designations only when necessary to preclude security classification or when an official name is not available. Enter the name of the State if within the United States or the name of the country or island chain if outside the United States. In the case of Guard and Reserve Forces facilities, enter the city and State if the facility is not to be constructed on a military installation.
- c. ITEM 4 - PROJECT TITLE: Enter the title used in item 8, column 2 of the DD Form 1390, assuring that it corresponds to the category code in item 6.

(1) Except for new construction, the type of work, such as "addition," "conversion," "alteration," or "modernization" shall be used in the title.

(2) Where a single structure is to serve more than one purpose, the title should reflect the predominate use.

(3) The scope of a project or number of buildings involved will not be shown in the title (i.e., and "Enlisted Quarters" project will not be shown as "Two 250 Man Enlisted Quarters.")

(4) Avoid the inclusion of acronyms.

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(5) If a project requires land acquisition estimated to cost in excess of \$50,000, the project title will be suffixed with "With Land Acquisition". Land to be acquired for the construction of several projects or for other purposes shall be programmed as a separate project and identified on a separate DD Form 1391.

d. ITEM 5 -PROGRAM ELEMENT: Enter the appropriate number as it relates to the "Five Year Defense Program," except when inclusion of this number would require classification of an otherwise unclassified form.

e. ITEM 6 - CATEGORY CODE: Enter the applicable category code using no less than three nor more than six digits consistent with item 8, column 1 on DD Form 1390.

f. ITEM 7 -PROJECT NUMBER: Enter the number of the project assigned by the Component concerned. If no number has been assigned, indicate N/A (not applicable).

g. ITEM 8 - PROJECT COST: Enter the estimated cost in thousands of dollars (excluding design except for family housing) for which funding is being requested. The amount indicated should be identical to that shown in item 8., column 4, of the DD Form 1390 and should include the costs of the primary facilities, supporting facilities, contingencies, supervision, inspection, and overhead. Figure will be the Total Request entered in item 9. and will not include the figure entered for "Equipment Provided From Other Appropriations."

h. ITEM 9 - COST ESTIMATES: This portion of the DD Form 1391 is comprised of several elements which collectively comprise the Total Request. Each element will be identified, quantified, and costed in a series of five column entries as follows:

(1) Item: Identity of the Primary or Supporting Facility, etc. as described in item 9., line 1.

(2) U/M (unit of Measure): Each entry in the "item" column will be followed in the "U/M" column by the accepted two-character abbreviation for the unit of measure associated with the quantity of the item concerned (e.g., SM, SY, LF, KV, etc.). Where it is not feasible to show a specific unit of measure, use LS (Lump Sum).

(3) Quantity: Enter the required number of units of measure comprising the "item" entry. Where "LS" is the unit of measure, enter a dash (-).

(4) Unit Cost: Enter the appropriate unit cost for each "item" entry where a unit of measure is indicated. Where the unit of measure is "LS" enter a dash in the unit cost column.

(5) COST (\$000):

(a) Enter the cost, in thousands of dollars, represented by the product of the "Quantity" and "Unit Cost" entries.

(b) When a single primary facility is listed enter the cost of the facility without parentheses. If unusual features or functional areas of the primary facility are listed, the cost of each shall be enclosed with parentheses. The sum total cost of these features shall equal the figure entered for the primary facility.

(c) When more than one primary facility is listed, the cost of each facility will be entered in the cost column without parentheses.

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(d) The cost entry for the item "Supporting Facilities" shall be entered without parentheses and shall be the total of the various supporting facilities listed. However, each of the individual supporting facility costs shall be enclosed by parentheses.

(e) The cost entered for items such as "Subtotal," "Contingency," "Contract Cost," "SIOH," and "Total Request" shall be entered without parentheses. However, the cost for Equipment Provided From Other Appropriations" shall be entered as a nonadd item.

(f) Projects in category Code 500 will have separately identified the equipment purchased for the Surgeons General as "Category Equipment" showing the total cost of such equipment added to the "Total Request". Labor cost for installation of "Category E" equipment should be included in the unit cost for the primary facility because it is part of the "Total Contract Cost."

(6) PRIMARY FACILITY: Enter the identity and required columnar data for the primary facility. When the primary facility consists of two or more components the cost of the primary facility will be the sum of the costs of the individual components. In addition, subordinate components will be entered under the primary facility after indenting two spaces.

(a) Normally, the cost of fixed equipment provided as part of the construction contract (e.g., cooling, heating, and electrical systems, etc.) will be included in the cost of the primary facility. However, when the primary facility includes unusual features of significant cost, such as hyperbaric vessels and standby cooling, such features should be identified under the primary facility.

(b) Land acquisition required specifically for the project and estimated to cost \$50,000 or more shall be listed in the same manner as an unusual feature. Conversely, land acquisitions estimated to cost less than \$50,000 are to be accomplished under 10 U.S.C. 2672 and should not be listed.

(c) For family housing new construction, the entry under primary facility will show the total number of units in the project. As subordinate components to the primary facility "Units to 5' line," "GFE," and "Land Acquisition" will be shown in parentheses in the cost column to add up to the cost of the primary facility shown. Item 10 will be used to show the numbers and cost computations for the various types of living units which comprise the primary facility.

(d) "Lump-sum" funding requests are prohibited. The only instance for which separate construction projects can be combined under a single DD 1391 is when each of the projects is in the same general facility category (i.e., supply facilities, maintenance and production facilities, unaccompanied personnel housing, etc.). Programs such as "facility upgrades," "ATB Beddown Facilities," and others combining a number of disparate construction efforts must be justified as separate projects. If it is planned, in execution, to construct several of these projects at a single location under one contract, a statement to that effect should be included in the "Additional" section of Item 10.

(7) SUPPORTING FACILITIES: List those items of construction directly related to and required for the support of the primary facility. Such items should include (a) special construction features (piles, spread footings, seismic, fill, etc.); (b) utilities (gas, oil, steam, electric, and water supply lines as well as sanitary and storm sewers); (c) site preparation; (d) roads, sidewalks, and parking; (e) site improvements (seeding, sodding, landscaping, etc.); (f) fencing; and (g) demolition. All supporting facility items should be listed in terms of accepted units of measure and quantity whenever practicable. For family housing, design cost will be identified under "Supporting Facilities."

(8) SUBTOTAL: Enter the sum of the costs shown for all primary and supporting facilities.

DD 1391/1391C (page 5 of 7)

(9) CONTINGENCY: Enter the appropriate contingency rate, in parentheses, immediately following the item designation in column 1, and enter the cost equivalent in the proper column. While the normal contingency rate is 5 percent, contingency rates may vary with unusual conditions. Therefore, rates in excess of 5 percent shall be adequately justified.

(10) TOTAL CONTRACT COST: Enter the sum of the "Subtotal" and the "Contingency" costs. In the case of Army National Guard, armory projects which are funded, in part, from other than Federal funds, enter the Federal costs on the first line and the State or other cost on the next line below.

(11) SUPERVISION, INSPECTION, AND OVERHEAD (SIOH): Enter the appropriate SIOH rate in column 1 after the item designation and reflect the cost equivalent in the proper column.

(12) TOTAL REQUEST: Enter the sum of the "Total Contract Cost" and the "SIOH". This figure should be identical to the entry in item 8., "Project Cost (\$1000)". Total request should be rounded-off to provide a more realistic approach to the presentation of MILCON programs. The following guidance is provided for "rounding-off" a projects' total request:

Project (P) Estimate (\$000)		Rounding Guidance (\$000)	
	< 1,000	Nearest \$	10K
1,000	to 5,000	Nearest \$	50K
5,000	to 10,000	Nearest \$	100K
10,000	to 15,000	Nearest \$	200K
15,000	to 20,000	Nearest \$	500K
	> 20,000	Nearest \$	1,000K

(13) EQUIPMENT PROVIDED FROM OTHER APPROPRIATIONS: Enter the total cost of equipment which is procured with other than MILCON funds and which is essential to the mission of the facility. DD Form 1391 should reflect only the cost of equipment identified in the Associated Equipment Report. If no such major equipment is associated with the project, enter a "zero" in the appropriate space. Note that this figure is not included in the "Total Request" above. This excludes minor items procured with O&M funds, and in the case of Army National Guard, excludes equipment provided from other than Federal appropriations.

i. ITEM 10 - DESCRIPTION OF PROPOSED CONSTRUCTION:

(1) In a clear and concise manner, provide a complete outline of all principal features of the work and its correlation with the various data entered in item 9.

(2) Begin with an accurate description of the primary facility. For buildings, indicate the materials planned to be used for the frame, walls, roof, and foundations, and identify the major functions for which space is being provided. For structures other than buildings, describe each major element required to produce a complete and usable facility. Avoid the use of generalities such as "most economical means" or "modern methods and materials."

(3) Provide only such additional descriptive details as are necessary for clarity.

(4) Identify and list the buildings or structures to be demolished in connection with the proposed construction, if applicable.

DD 1391/1391C (page 6 of 7)

(5) For single person quarters projects, indicate the grade mix of personnel, officer or enlisted, who will occupy the facilities.

(6) For projects involving additions, alterations, or conversions, describe the changes to be made.

(7) At the last entry in item 10., indicate the amount of air conditioning required (e.g., air conditioning - 15 tons).

j. ITEM 11 - REQUIREMENT: This portion of the DD Form 1391 is comprised of five elements which are to be set forth in the following format:

(1) Immediately after the item title "Requirement" indicate, in appropriate units of measure, the total facility requirement (e.g., 77, 366 SF), followed by two additional entries giving the status of the existing facility (e.g., adequate: 66,134 SF; substandard: -0-).

(2) PROJECT: Provide a one-sentence statement indicating what this project provides.

(3) REQUIREMENT: Provide detailed, informative statements as to precisely why the project is needed. Use positive statements to support the requirement and avoid the use of such words as "inadequate," "uneconomical," and "necessary" unless they are fully explained. Similarly, when identifying contributing factors, assure that the presentation leaves no pertinent questions unanswered (e.g., excessive maintenance (show cost comparison); self-liquidation (show amortization); or advanced deterioration (describe effects)). The requirements must establish maximum utilization of existing facilities and identify alternatives considered, along with reasons for their rejection.

(4) CURRENT SITUATION. Describe how and under what conditions the requirement is presently being met. Comments should support the stated requirement and include the identity and description of current assets as well as the reason they are considered unsuitable for continued use. For Guard and Reserve Forces projects which are to replace existing facilities, identify and describe the disposition to be made of them. Similarly, for Guard and Reserve Forces facilities to be constructed and/or utilized jointly with other Guard/Reserve components, include pertinent information and status of coordination or negotiations.

(5) IMPACT IF NOT PROVIDED. Describe the manner and extent to which mission accomplishment would be affected if the project were not approved.

(6) ADDITIONAL. If the project is justified on an economic basis (primary economic analysis), so state and indicate the projected payback period. As a minimum, all renovation, upgrade, and replacement projects must be supported by an economic analysis. For all other projects, state precisely why a primary economic analysis cannot be applied to the project. When providing supporting documentation for the OSD budget submission, enter appropriate statements on commercial/industrial operations in accordance with the OMB Circular A-76 and as required by applicable DoD Instruction. Entry of this information on the DD 1391 or on a separate DD 1391c is optional. For all overseas projects, state whether or not the project is eligible for NATO Infrastructure or other host nation funding.

NOTE: Space requirements for items 10. and 11. will vary. Therefore, remaining space on the DD Form 1391 may be used as necessary for the specific entries and continued on a DD Form 1391c as appropriate. A solid, black line should be used to set items 10. and 11. apart, and individual item titles and subheadings should be added.

**MILITARY CONSTRUCTION
AND FAMILY HOUSING**

APPROPRIATION TITLE: _____
SYMBOL: _____

SUBMISSION NO: N/A
As of: (date)

Installation/Project (a)	Budgeted Amount (\$ in Thousands) (b)	Fiscal Year (c)	Explanatory Notes (d)
Major Construction (list projects by location)			
Supporting Activities (list projects by location)			
Minor Construction (no project level detail is required)			
Planning & Design (no project level detail is required for P&D)			
TOTAL			

INSTRUCTIONS FOR COMPLETING THE ABOVE FORM:

1. This exhibit will be executed at the project level for each of the program years included in the Future Years Defense Program (FYDP) for which the Component has programmed funding in MilCon (Major Construction & Supporting Activities and Family Housing Construction accounts. No project level detail is required for Minor Construction, Planning and Design, Family Housing Improvement or BRAC. A program year summary should be compiled by budget activity for each of the program years covered by the report.

2. Column a, "Installation/Project", should include each project listed alphabetically in state sequence in a format similar to that contained in the C-1: For example:

Maryland, Andrews AFB
Life Safety/Emergency Room Upgrade
etc.

3. If any explanatory comments concerning the project are required, they should be entered in column d.

4. The data should be submitted in a hard copy and on a disk in a Microsoft Access format or in Microsoft Word using tables so that the fields are defined.
Military Construction/Family Housing Outyear Project Data

TRI-SERVICE FAMILY HOUSING COST MODEL

SERVICE _____ LOCATION _____

BASELINE:

$$\begin{aligned} & (\quad) (\quad) (\quad) = \$ \quad \\ & (\# \text{ of units}) (\text{Avg Net SM}) (\$/\text{NSM}) = \underline{5' \text{ Line Cost}} \end{aligned}$$

PROJECT FACTORS:

$$\begin{aligned} & (\quad) (\quad) (\quad) = \quad \\ & (\text{ACF}) (\text{Proj Size Factor}) (\text{Unit Size Factor}) = \underline{\text{Project Factor}} \end{aligned}$$

HOUSING COST:

$$\begin{aligned} & (\quad) (\quad) = \$ \quad \\ & (5' \text{ Line Cost}) (\text{Project Factor}) = \underline{\text{Housing Cost}} \end{aligned}$$

$$\begin{aligned} & (\quad) (\quad) (\quad) = \$ \quad \\ & (\text{Solar Unit Cost}) (\text{ACF}) (\# \text{ of units}) = \underline{\text{Solar Cost}} \end{aligned}$$

$$\begin{aligned} & (\quad) + (\quad) (\quad) = \$ \quad \\ & (\text{Housing Cost}) + (\text{Solar Cost}) (\# \text{ of units}) = \underline{\text{Average Unit Cost}} \end{aligned}$$

SUPPORTING COSTS:

Site Preparation
Roads and Paving
Utilities
Recreation
Landscaping
Special Construction Features
Other (Specify)

Support Cos

SUMMARY:

$$\begin{aligned} & (\quad) + (\quad) + (\quad) = \$ \quad \\ & (\text{Housing Cost}) + (\text{Solar Cost}) + (\text{Support Cost}) = \underline{\text{Subtotal}} \end{aligned}$$

$$\begin{aligned} & (\quad) (\quad) (\quad) = \$ \quad \text{Say: } \$ \quad \\ & (\text{Subtotal}) (\text{Contingency}) (\text{SIOH}) = \underline{\text{Project Cost}} \quad (\text{Round}) \end{aligned}$$

$$\begin{aligned} & (\quad) + (\quad) (\quad) (\quad) = \$ \quad \\ & (\text{Project Cost}) + (\# \text{ of units}) (\text{ANSM}) (\text{ACF}) = \underline{\text{Project Cost/SM}} \end{aligned}$$

PROJECT SIZE FACTOR-(# of units)

1-49	=	1.05
50-99	=	1.02
100-199	=	1.00
200-499	=	0.98
500+	=	0.95

UNIT SIZE FACTOR-(Avg Net SM)

88-97	=	1.00
98-106	=	0.99
107-116	=	0.98
117-125	=	0.97
126+	=	0.96

Exhibit FH-1 Tri-service Family Housing cost Model

Family Housing,
 Operation and Maintenance, Summary
 (Excludes Leased Units and Costs)
 FY 19

FY(PY)

FY(CY)

FY(BY)

A. Inventory Data

Units in Being Beginning of Year
 Units in Being at End of Year
Average Inventory for Year

Units Requiring O&M Funding:

- a. Conterminous U.S.
- b. U.S. Overseas
- c. Foreign
- d. Worldwide

B. Funding Requirement

1. Operations

- a. Management
- b. Services
- c. Furnishings
- d. Miscellaneous

Subtotal-- Direct Obligations

Anticipated Reimbursements

Gross Obligations--Operations

2. Utility Operations

Anticipated Reimbursements

Gross Obligations--Utilities

3. Maintenance

- a. M&R, Dwellings
- b. M&R, Exterior Utilities
- c. M&R, Other Real Property
- d. Alterations & Additions

Subtotal--Direct Obligations

Anticipated Reimbursements

Gross Obligations--Maintenance

Grand Total, O&M - TOA

Grand Total, O&M - NOA

* Based on number of units requiring O&M funding

<u>Unit</u> <u>Cost*</u>	<u>Total</u>	<u>Unit</u> <u>Cost*</u>	<u>Total</u>	<u>Unit</u> <u>Cost*</u>	<u>Total</u>
-----------------------------	--------------	-----------------------------	--------------	-----------------------------	--------------

Family Housing, _____
 Furnishings Summary
 (Dollars in Thousands)
 FY 19 ____

<u>Furnishings less Household Equipment</u>				<u>Household Equipment</u>				<u>Total Furnishings</u>			
<u>Movg/</u>	<u>Maint/</u>	<u>Replace</u>	<u>Initial</u>	<u>Movg/</u>	<u>Maint/</u>	<u>Replace</u>	<u>Initial</u>	<u>Movg/</u>	<u>Maint/</u>	<u>Replace</u>	<u>Initial</u>
<u>Hd ling</u>	<u>Repair</u>	<u>ment</u>	<u>Issue</u>	<u>Hd ling</u>	<u>Repair</u>	<u>ment</u>	<u>Issue</u>	<u>Hd ling</u>	<u>Repair</u>	<u>ment</u>	<u>Issue</u>
<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>

(PY)
 CONUS
 US O/S
 Foreign
 Public
 Private
 Total

(CY)
 CONUS
 US O/S
 Foreign
 Public
 Private
 Total

(BY)
 CONUS
 US O/S
 Foreign
 Public
 Private
 Total

INSTRUCTIONS FOR PREPARATION OF
FAMILY HOUSING FURNISHINGS SUMMARY
EXHIBIT FH-3

General. Furnishings to be included in Exhibit FH-3 are defined in Enclosure 6 to DoD Instruction 4165.43. For Unaccompanied Personnel Housing furnishings, see Exhibit OP-21, Chapter 232, this Manual.

Prior Year Data. For the prior year, enter estimated end year obligations.

Current, and Budget Year Data. Estimates should be based on requirements determined to be in accordance with Section XI of DoD Instruction 4165.43 and applicable experience data. Provide a short narrative explaining differences of more than \$1 million or 10%, whichever is less, between the total amount shown for furnishings in the current year and the budget year.

Moving and Handling. All identifiable transportation, handling and storage costs should be included here.

Initial Issue. Certain initial issue movable equipment, such as stoves and refrigerators, is usually procured as part of a construction project with construction funds, instead of operation funds. Likewise, in some circumstances leasing funds are utilized for furnishings in leased quarters. The FH-3 should reflect all Family Housing, Defense resources applied to furnishings, with memo entries to indicate the amounts funded from accounts other than the Furnishings portion of Operations and Maintenance.

Exhibit FH-3 (page 2 of 2)

Family Housing, _____
 Analysis of Leased Units
 FY 19 __

	FY(PY)			FY(CY)			FY(BY)		
	Unit Auth	Lease Months	Cost (\$000)	Unit Auth	Lease Months	Cost (\$000)	Unit Auth	Lease Months	Cost (\$000)

Location

• Domestic Leases
 (list each location
 and month in which the
 annual award is exercised)

Total Domestic Leases

Foreign Leases
 (list each location
 and month in which the
 annual award is exercised)

Total Foreign Leases

Grand Total

DoD Component:
Appropriation:

REAL PROPERTY MAINTENANCE ACTIVITIES
FY XXXX PRESIDENT'S BUDGET
OPERATION & MAINTENANCE COSTS
Real Property Maintenance and Minor Construction Projects
(HISTORIC HOUSING COSTS)

HISTORIC HOUSING COST

- A. No. of Units: _____
- B. Improvements:
- C. Maintenance and Repair:

FY(CY) (\$000) FY(BY)

Grand Total:

Exhibit FH-5 Historic Housing Costs

Reconciliation of Increases and Decreases

(Dollars in Thousands)

1. FY 19CY President's Budget Request (Amended)

2. Congressional Adjustments:

- a.
- b.
- c.
- etc.

3. FY 19CY Appropriated Amount

4. Proposed Supplementals:

a. Civilian Pay Raise

- 1) Classified
- 2) Wage Board

b. Program Supplemental

- 1)
- 2)
- etc.

(To the extent that supplemental requests reflect an amount that is less than the requirement show (parenthetically) both the total requirement and the amount absorbed to arrive at the amount of the supplemental.)

5. Price Growth:

(Should agree with price growth on the OP-32 exhibit. It is not necessary to provide a distribution of the price growth into categories.)

6. Functional Program Transfers:

a) Transfers in

- 1)
- 2)
- etc.

b) Transfers Out

- 1)
- 2)
- etc.

(This category should be used only when a program function is transferred between activity groups or Services. This category should not be used to show the transfer of funds between activity groups in instances where the transfer of funds is not accompanied by a functional transfer of the program for which the funds were initially requested. Also see end "NOTE" on next page)

Reconciliation of Increases and Decreases (Continued)

(Dollars in Thousands)

7. Program Increases: (For each program increase or decrease provide quantitative and qualitative information relative to the proposed change, as well as the baseline (in dollars) to which the increase or decrease applies. Increases and decreases should address specific adjustments in program particularly changes in force structure, number of compensable days, workyears, etc. Where possible show specific workyear/end strength adjustments for both military and civilians.)
 - a.
 - b.
 - c.
 - etc.
8. Program Decreases:
 - a.
 - b.
 - c.
 - etc.
9. FY 19CY Current Estimate
10. Price Growth (See 5 above)
11. Functional Program Transfers (See 6 above)
12. Program Increases (See 7 above)
13. Program Decreases (See 8 above)
14. FY 19BY1 Budget Request
15. Price Growth (See 5 above)
16. Functional Program Transfers (See 6 above)
17. Program Increases (See 7 above)
18. Program Decreases (See 8 above)
19. FY 19 BY2 Budget Request

NOTE: If a particular category of increase or decrease does not apply leave it off the Exhibit OP-5 (rather than include it on the Exhibit OP-5 with a value of zero). Reprogramming actions included in the budget submission for the Current Year other than 1415-IR functional transfers should be shown separately. Except for this, categories of increases and/or decreases other than those shown above should not be used.

**HOMEOWNERS' ASSISTANCE FUND, DEFENSE
WORKLOAD AND OBLIGATION DATA**
FY 19 _____

	Actual FY (PY)		Estimated FY (CY)	
	Dollars Units	Average (\$) Units	Dollars Units	Average (\$) Units

1. Investment
 - a. Equity Payments
 - b. Liquidation of Second Mortgages
 - c. Total Payments
 - d. Mortgages Assumed
 - e. Total Investment
2. Expense - Corps of Engineers
 - a. Paymts - Private Sales
 - b. Paymts - Foreclosures
 - c. Subtotal - Reimbursements to Homeowners
 - d. Appraisals
 - e. Administrative Expense
 - f. Total Expense - CoE
3. Expense - FHA
 - a. Management & Maintenance of Homes
 - b. Sales Expense
 - c. Administrative Expense
 - d. Total Expense - FHA
4. Total Expense
5. Total Program - Investment and Expense

Exhibit HA-1 Homeowners Assistance - Workload and Obligation Data

HOMEOWNERS' ASSISTANCE FUND, DEFENSE STATUS OF ACCOUNTS

FY 19 _____

ITEM _____

Cash (\$000)	Authority to Spend Agency Debt Receipts (\$000)	Total (\$000)
_____	_____	_____

1. EXPENDITURE ACCOUNT - RESOURCES AND APPLICATIONS (OBLIGATION BASIS)

- a. Resources
 - (1) Unobligated balance, start of year
 - (2) Appropriations
 - (3) New authorization to spend Agency debt receipts
 - (4) Revenue
 - (a) Sales (Cash)
 - (b) Other Revenue
 - (5) Principal payments on mortgages (retirement of debt)
 - (6) Total
- b. Applications
 - (1) Payments on acquisition of properties
 - (2) Value of mortgages payable assumed
 - (3) Expenses
 - (4) Transfer to miscellaneous receipts
 - (5) Total
- c. Unobligated balance, end of period (line 1a(6) minus 1b(5))

2. PROPERTY ACCOUNT

- a. On hand, start of year
- b. Payments for equity and second mortgages on acquisition of properties
- c. Value of mortgages payable assumed
- d. Less acquisition price of properties sold or disposed of otherwise (line 5b(1) below)
- e. On hand, end of period

3. BORROWING ACCOUNT (MORTGAGES PAYABLE)

- a. Balance payable, start of year
- b. Value of mortgages payable assumed
- c. Less payments on principal
- d. Less value of mortgages liquidated
- e. Subtotal - Principal payments (retirement of debt)
- f. Balance payable, end of period

4. NET EQUITY IN PROPERTY (line 2e minus line 3f)

5. RECAPITULATION FOR PROPERTIES SOLD

- a. Sales price
- b. Less:
 - (1) Acquisition Price
 - (2) FHA or ACE Administrative Expenses
 - c. Net gain or (loss)

* Excludes Corps of Engineers Expense and FHA Expense

Exhibit HA-2 Homeowners Assistance Status of Accounts

**HOMEOWNERS' ASSISTANCE FUND, DEFENSE
WORK UNIT DATA**

FY 19 _____

<u>ITEM</u>	<u>MILITARY</u>	<u>CIVILIAN</u>	<u>TOTAL</u>
1. APPLICATIONS FOR ASSISTANCE			
a. On hand - start of	_____	_____	_____
b. Received	_____	_____	_____
c. Less Actions Completed	_____	_____	_____
(1) Homes Acquired - For Outstanding Mortgage Balances	_____	_____	_____
(2) Homes Acquired - At 75%	_____	_____	_____
(3) Homes Acquired - No Mortgage	_____	_____	_____
(4) Reimbursements for Losses on Private Sales	_____	_____	_____
(5) Payments in Foreclosure Cases	_____	_____	_____
(6) Settlements - No Payment Due	_____	_____	_____
(7) Other (Not Eligible)	_____	_____	_____
d. On hand - end of period	_____	_____	_____
2. ACQUIRED HOMES			
a. On hand - start of year	_____	_____	_____
b. Acquired	_____	_____	_____
c. Disposed of	_____	_____	_____
d. On hand - end of period	_____	_____	_____
3. MORTGAGES PAYABLE			
a. On hand - start of year	_____	_____	_____
b. Assumed	_____	_____	_____
c. Less Liquidations	_____	_____	_____
d. On hand - end of period	_____	_____	_____
4. OTHER DATA			
a. Second Mortgages Liquidated	_____	_____	_____
b. Appraisals Made	_____	_____	_____
c. Appeals processed	_____	_____	_____
(Approved)	_____	_____	_____
(Disapproved)	_____	_____	_____

Exhibit HA-3 Homeowners Assistance Work Unit Data

Homeowners' Assistance Fund, Defense Program and Financing

FY _____

	FY 19PY		FY 19CY		FY 19BY	
	Actual		Estimate		Estimate	
	Obligations		Obligations		Obligations	
	(\$000)		(\$000)		(\$000)	
Units	Units		Units		Units	

Payments to homeowners 1/
Other operating costs 2/
Acquisition of properties 3/
Mortgages assumed 4/

Total program

Available from prior year
Estimated revenue 5/
Available for other years
Budget Authority
Authorization to spend agency
debt receipts
Appropriation

NOTES: 1/ Reimbursements to homeowners for losses; private sales or foreclosures. Work unit, "number of payments."
2/ DoD and FHA expenses. Work unit, "total number of applications processed, including rejections."
3/ Payments to homeowners for equity in properties acquired by the Government. Work unit, "number of properties."
4/ Value of mortgage balances assumed by the Government on properties acquired. Work unit "number of mortgages assumed."
5/ Recovery of Government's investment by the sale of properties. Work unit, "number of properties sold."

Exhibit HA-4 Homeowners Assistance Program and Financing

CHAPTER 7
BASE REALIGNMENT AND CLOSURE APPROPRIATIONS
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CHAPTER 7

BASE REALIGNMENT AND CLOSURE APPROPRIATIONS

0701 GENERAL

070101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for Base Realignment and Closure (BRAC) appropriations.

B. The following appropriations and accounts are covered:

Section

070201

- DoD Base Closure Account (1988 Commission)
- DoD Base Closure Account 1990 (1991, 1993 & 1995 Commissions)

070102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 7 covers specific back-up material requirements for the above accounts. The above appropriations/accounts should also submit any applicable exhibits required in Chapter 19 - Special Analyses.

070103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 7 provides additional specific guidance with regard to the back-up material required for Base Realignment and Closure appropriations.

070104 References

Chapter 3 provides guidance related to costs and Chapter 6 provides guidance and formats related to Military Construction and Family Housing costs.

0702 UNIFORM BUDGET AND FISCAL ACCOUNTING CLASSIFICATION**070201 Base Closure Account, Defense Appropriations**

The budget account classification structure for the Base Closure Account, Defense is prescribed in Comptroller of the Department Of Defense Memorandum, dated December 21, 1993 and outlined below.

A. Overview

The Director for Budget and Finance, Washington Headquarters Services (WHS), is responsible for departmental-level accounting and reporting for the DoD Base Closure Account. The Military Departments are responsible for implementing all base closure and realignment actions, and administering their allocations of base closure funds.

B. Guidance

1. WHS shall be responsible for obtaining and recording the appropriation warrant (TFS Form 6200) for the DoD Base Closure Accounts. The Directorate for Construction, ODC(P/B), is responsible for initiating the Apportionment and Reapportionment Schedule (DD Form 1105) for the DoD Base Closure Accounts and providing it to WHS for recording in the departmental-level accounting records.

2. The Comptroller of the Department of Defense shall make funds available to the Military Departments based on their official financial plans. Financial plans shall be prepared by the Military Departments in cooperation with and at the direction of the Deputy Assistant Secretary of Defense (Economic Security). Military Department financial plans and the subsequent allocation of funds shall be supported by the Format 460-BC, "DoD Base Closure Account Financial Plan". For planned military construction and family housing construction requirements, each project to be executed with the funds requested will be individually listed on the plan. A separate narrative explanation for other planned expenditures shall also be submitted to the Directorate for Military Construction, ODC(P/B),

in sufficient detail on the Format 460-BC to support the Military Department financial plan.

3. In response to a request from the DoD Comptroller, WHS shall allocate DoD Base Closure Account funds to the Military Departments on SD Form 477, "Fund Authorization," with a Format 460-BC and supporting documentation attached. The Military Departments may re-phase planned execution as the situation dictates but shall notify DUSD(Industrial Affairs and Installations) and Directorate for Construction, Deputy Comptroller (P/B) of all changes. Where a military construction or family housing project is to be executed, but does not appear on the current approved financial plan, the prior approval of the Directorate for Military Construction is required. This will ensure that the Department has complied with the notification requirements of House of Representatives Report 101-176, Military Construction Bill, July 26, 1989, prior to the expenditure of DoD base Closure Account funds. To keep the Comptroller and DUSD(Industrial Affairs and Installations) apprised of these changes, the Military Departments shall submit a revised Format 460-BC and supporting documentation *as required* to reflect the status of the current plan being as required executed. The Military Departments and Defense Agencies will be allocated BRAC funds by subaccounts. The amounts allocated represent limitations subject to the provisions of section 1517 of 31 U.S.C., the Anti-Deficiency Act. Obligations are not to be incurred beyond the approved allocation amounts. However, Components may adjust amounts between BRAC subaccounts by up to 5 percent per quarter without prior Comptroller approval with the exception of the amounts provided for environmental efforts which may not be decreased or increased without Comptroller prior approval.

4. The Military Departments and Defense Agencies shall receive and record the suballocations of base closure funds received from the WHS and allot that suballocation to respective installations. The Military Departments and Defense Agencies shall subdivide their allocations of the base closure accounts by subaccount, and distribute the base closure funds to the installations responsible for base closure actions. Each Military Department and Defense Agency shall distribute the base closure funds to its installations in accordance with its normal fund

distribution procedures. This distribution process shall include allotment, or suballotment, as appropriate, of the suballocation for the WHS. The applicable subaccounts are as follows:

- Military Construction:
 - a. Construction
 - (1) (Project)
 - (2) (Project)
 - b. Planning and Design

NOTE: The military construction subaccount should be reserved for projects listed individually on the Format 460 accompanying the fund allocation document.

- Family Housing:
 - a. Construction
 - (1) (Project)
 - (2) (Project)
 - b. Planning and Design
 - c. Operations
- Operation and Maintenance (O&M):
 - a. Civilian Severance Pay
 - b. Civilian Permanent Change of Station (PCS)
 - c. Transportation of Things
 - d. Real Property Maintenance
 - e. Program Management (civilian workyears, travel, and related support dedicated to implementation efforts)
- Environmental: Includes environmental restoration, including reducing, removing, and recycling hazardous wastes, and removing unsafe buildings and debris; Memoranda of Agreements between Defense and States (DSMOA), and reimbursements to the Agency for Toxic Substance and Disease Registry (ATSDR); and mitigation efforts associated with a military installation closure or realignment. Mitigation efforts do not apply to the DoD Base Closure Account.
- Community Programs:
 - a. Community Planning Assistance: For communities located near a military installation to which functions will be transferred as a result of a closure or realignment of a military installation.

- b. Economic Adjustment Assistance: For communities located near a military installation being closed or realigned.

- Federal Agencies Reimbursement: Includes reimbursements to other Federal agencies for actions, other than for environmental activity discussed above, performed with respect to any closure or realignment.
- Military Personnel: Limited to PCS and TDY expenses dedicated to implementation efforts.
- Procurement-type Items: The procurement account should be limited to those items costing more than \$5,000 each and normally capitalized on installation-level accounting.
- Other Costs: Expenses, other than those above, associated with base closure and realignment efforts.

5. The general criterion to apply when deciding whether to charge specific costs to the DoD Base Closure Account is that the cost in question is a one-time implementation cost associated with the overall base closure effort. If the increased cost is a recurring one driven by the transfer of workload from one location to another, it should be documented to the extent practicable, but budgeted for and charged to the applicable Military Department appropriation. A legitimate one-time cost of base closure implementation should be charged to the subaccount of the DoD Base Closure Account consistent with the cost category under which the item has been justified in the President's Budget. For example, the one-time operations and maintenance-type costs at R&D funded installations should be allocated to the appropriate subaccount of "Operations and Maintenance." Low dollar value construction projects budgeted as a lump sum under the real property maintenance category should be charged to that subaccount and not the construction subaccount of military construction, which should be reserved for projects listed individually on the Format 460-BC accompanying the fund allocation document. Charges to the procurement account should include items normally charged to procurement accounts.

6. Proceeds resulting from transfer or disposal of property or facilities

(including buildings and structures) due to the base closure process shall be deposited as reimbursements into the DoD Base Closure Account. These reimbursements shall be reprogrammed from reimbursable to direct before distribution to the Military Departments. The detailed accounting and financial management procedures relating to the revenues from asset sales are prescribed in Comptroller of the Department of Defense memorandum, dated December 21, 1993.

C. Accounting Entries (see end of this section).

D. Reporting Requirements WHS is responsible for preparation of the departmental-level appropriation and fund status reports for the DoD Base Closure Account that are required by Volume 6 and Volume 12 (to be issued) of this Regulation. The specifications for any additional reports required by the Base Closure and Realignment Act are to be issued by the DUSD(Industrial Affairs and Installations).

1. The budget execution reports required for the DoD Base Closure Account are as follows: a) Year-end Closing Statement, FMS Form 2108; b) Report on Budget Execution, Acct Rpt(M)1176; c) Flash Report on Obligation Status, Acct Rpt(M)1445; d) Report on Obligations, SF-225, IRCN 1183-TD-QU; e) Report on Appropriation Status by Fiscal Year Program and Subaccounts, Acct Rpt(M)1002; and, f) Report on Reimbursements, Acct Rpt(M)725.

2. WHS shall prepare the required reports based on accounting information held at the departmental level and feeder reports from the Military Departments and Defense Agencies. Each Military Department/Defense Agency shall provide feeder reports to WHS on the status of its allocation. These reports shall be submitted in accordance with a schedule of due dates to be published by WHS.

3. Special Instructions for Reports on Appropriation Status by Fiscal Year Program and Subaccounts, Acct Rpt(M)1002. Each Military Department will receive an allocation from OSD/WHS at the subaccount level. The Military Departments are required to distribute their allocations by the subaccounts shown below, and prepare the feeder Acct Rpt (M)1002's by those

subaccounts within each fiscal year program specified in Section 070201 B.4.

4. Line Entries for the 1002 are as follows:

a. Column (a). The DoD Base Closure Account must be subclassified to show, where applicable, the following: Fiscal Year Program, Direct Program and Subaccounts (as specified above).

b. Columns (b) through (j). follow the instructions contained in Volume 6 of this Regulation.

ACCOUNTING ENTRIES

1. Departmental Level (WHS)

- a. Dr 4119 Other Appropriations Realized
Cr 4450 Authority Available for Apportionment
and

Dr 1013 Funds with Treasury
Cr 3100 Appropriated Capital

To record an appropriation realized.

- b. Dr 4450 Authority Available for Apportionment
Cr 4511 Unallocated Apportionment - Direct
Program - Current Period

To record the Apportionment and Reapportionment Schedule (DD Form 1105).

- c. Dr 4511 Unallocated Apportionment - Direct
Program - Current Period
Cr 4541 Allocations Issued - Direct Program
- Current Period

To record the allocation of obligational
authority to an intermediate command.

2. Intermediate Level (Military Departments)

- a. Dr 4550 Internal Fund Distributions Received
Cr Unallotted Allocations - Direct Program
- Current Period

To record receipt of an allocation of direct
program obligational authority.

- b. Dr 4561 Unallotted Allocations - Direct
Program - Current Period

Cr 4571 Allotments Issued - Direct Program
- Current Period

To record the allotment of direct program
obligational authority to a subordinate
activity.

3. Installation Level (Military Departments)

- a. Dr 4580 Allotments Received
Cr 4610 series Allotments Available for
Commitment/Obligation

To record receipt of an allotment.

0703 BUDGET ESTIMATES SUBMISSION

070301 Purpose

A. This Section prescribes instructions for the preparation and submission of budget estimates for the Base Realignment and Closure appropriations.

B. Unless otherwise specified, these instructions apply to all Base Realignment and Closure appropriations and to all budget estimates. Data submitted must be consistent with the budget estimate being supported.

C. Examples of budget exhibits can be found in Section 0705.

070302 Submission Requirements

A. General Guidance. Each Service will prepare a justification book for its portion of the Base Realignment/Closure initiative. Separate justification books will be prepared for the actions relating to the 1988 Commission, 1991, 1993 and 1995 Commissions. The justification books will be organized by closure package with narrative and financial summary exhibits. Section 070502 contains sample exhibits BC 01 through BC 03 for use in preparation of justification books. Included in the sample exhibits are instructions pertaining to the substance and format of the information to be displayed. In addition, detailed Form 1391s (with design status for each project noted on the Form) are to be provided by closure package for all military and family housing projects to be executed in biennial budgets subsequent to FY 1991 with Base Closure Account funding.

B. Base Realignment and Closure Service Overview Exhibit (BC-01). Each Service will prepare an overview exhibit (BC-01) for each Base Closure round summarizing by fiscal year, the names and locations of the affected bases, and how much of the DoD Base Closure Account will be expended in the fiscal year. The overview will also address mission impact and environmental considerations affecting closures and realignments for that round.

C. Base Realignment and Closure Cost and Saving Exhibit (BC-02). Each Service will prepare a cost and saving exhibit (BC-02) for each base closure package included in a Base Closure

round, i.e. 1988 Commission, 1991 Commission, etc. *BRAC saving estimates reported in Exhibit BC-02 must be based on the best projection of what savings will actually accrue from approved realignments and closures.* A BC 02 must also be prepared by each Service for each Base Closure round summarizing the packages contained in that round of closings.

D. Base Realignment and Closure Package Description Exhibit (BC-03) Each Service will prepare a short narrative for each package describing the actions necessary to complete the realignment or closure at that location. The narrative will also address one-time implementation costs and anticipated savings that will accrue from the partial or complete closure of the base.

E. Base Realignment and Closures Military Construction/Family Housing Construction Projects. There will be an individual Form 1391 for each military construction/family housing construction project. The 1391s will be prepared in accordance with guidance contained in DoD Instruction 7040.4 and reproduced in Section 0605 of this volume. *As a minimum, BRAC construction projects should be at least 35-percent design complete or based on the Congressionally-approved parametric estimation process to be included in the budget submission.* Components will also prepare a state list for BRAC construction projects being requested in the budget year similar to the Construction Annex (C-1). *This project list must be included in the back section of each BRAC justification book.*

F. Base Realignment and Closure One-time Implementation Operation and Maintenance costs. One-time base realignment and closure implementation costs must also be quantified and justified according to categories such as travel, transportation of people, transportation of things, PCS costs, etc. In this regard, each Service will prepare a separate Summary OP-5 exhibit on all the BRAC packages contained in a base realignment and closure round, e.g. 1988 Commission round, 1991 Commission round, etc.

1. Summary of Price and Program Changes. A financial summary of price and program changes, for each realignment and closure round, between amounts requested in the President's Budget for the current year and budget years will be prepared by each Service. The

format for the pricing and programming changes is to be identical to the OP-32 Exhibit shown in Section 0304. This exhibit is required for OMB/OSD review, and should be provided separately.

2. Reconciliation of Increases and Decreases. A reconciliation of increases and decreases, for each base realignment and closure round, between the amounts requested in the President's Budget for the current year and Budget years will be prepared by each Service. The format of this reconciliation is to be identical to Attachment 1 to the OP-5 shown in Section 0705. For each program increase or decrease, quantitative and qualitative information relative to the proposed change should be provided. Increases and decreases should address specific adjustments in the program. This exhibit is only required for OMB/OSD review, and should be provided separately.

G. Budget Submission. Coincident with the hard copy submission of the Base Closure budget estimates, Military Departments and Defense Agencies, as applicable, will submit machine-readable data entries for all applicable budget accounts for budget years only. Detailed data entries only will be submitted since subtotals and summary totals are computer generated. Input data will be formatted in accordance with DD Form 2232 on a media type specified in Section 010506, Name Edit System (NES) structure and description, of this manual. An example of the Name Code File Listing for Base Realignment and Closure Accounts can be found in Section 010506. A full listing will be made available periodically from the DoD Comptroller, Directorate for program and Financial Control (rm 3B872, com:(703)697-7564, DSN:227-7564). All TOA values for BY1 and BY2 will be submitted on DD Form 2232 in accordance with the detail prescribed by the Name Edit System (Structure documented in the "Budget Accounts Title File Listing"). Amounts will be in agreement with the PB-2 and PB-2A exhibits.

1. Submission of Outyear Estimates. The submission for BY+1 through BY+4 TOA will be made coincident with the budget submission. Input to the data base will be formatted in accordance with DD Form 2234 using the Name Edit System structure and description

by base closure round, base closure account and subactivity.

2. Decision Rounding. DD Form 2233 and DD Form 2236 will not be used for budget estimates submissions. These forms are used to record decisions documented by Program Budget Decisions (PBDs).

0704 CONGRESSIONAL
JUSTIFICATION/PRESENTATION

070401 Purpose

A. This Section presents the justification book organization and the exhibit requirement for submission to Congress. Examples of budget exhibits can be found in Section 0705 and reflect those addressed in Section 0703.

070402 Organization of Justification Books

A. Justification material will be organized into four volumes entitled:

1. DoD Base Realignment and Closure (1988 Commission)
2. DoD Base Realignment and Closure (1991 Commission)
3. DoD Base Realignment and Closure (1993 Commission)
4. DoD Base Realignment and Closure (1995 Commission)

B. Each justification book will be organized as shown on the following page for each base realignment and closure round contained in the book

ORGANIZATION/EXHIBIT REQUIREMENTS

A. Organization

- Table of Contents
- Base Realignment and Closure Overview
- Financial Summary
- Base Realignment and Closure Detail:

By Package (Each package will include appropriate 1391/1391C Military/Family Housing Construction Exhibits).

- *Base Realignment and Closure Construction Projects*

By Component, State, Project Description, Project Number, BRAC Round and Dollar Amount.

0705 BASE REALIGNMENT AND CLOSURE
APPROPRIATION SUBMISSION
FORMATS

070501 Purpose

The formats provided on the following page reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

070502 Exhibits in Support of Section 0703 - Budget Estimates Submission

BC-01 BRAC Service Overview	12
BC-02 BRAC Implementation Costs.....	13
BC-03 BRAC Package Description	15
DD 1391/1391C Military Construction Project Data	17
OP-5 (Part 2) Attachment 1: Reconciliation of Increases and Decreases	25

INSTRUCTIONS FOR PREPARATION OF
EXHIBIT BC-01
"FY ____ BASE REALIGNMENT AND CLOSURE DATA"
19__ COMMISSION

Service Overview

Schedule: Summarize by fiscal year, the names and locations of the affected bases, and how much of the DoD Base Closure Account will be expended in the fiscal year. Discuss possible problems in meeting the schedule. Highlight realignment/closure actions where the estimated implementation costs and impacts significantly differ from those determined by the Commission.

Mission Impact: Describe possible mission impact in completing the realignment/closure.

Environmental Considerations: Describe potential problems in closing an installation due to the complexity in cleaning up environmental wastes and hazards.

Address any other items/issues appropriate for the overview section.

Exhibit BC-01 BRAC Service Overview

BASE REALIGNMENT AND CLOSURE ACCOUNT - 19__ COMMISSION _1/

2/
(DOLLARS IN 3/)

	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
<u>ONE-TIME IMPLEMENTATION COSTS:</u>				
Military Construction				
Family Housing - Construction				
Operations				
Environmental				
Operation and Maintenance				
Military Personnel - PCS				
Other				
Homeowners Assistant Program				
TOTAL ONE-TIME COSTS				
Revenues From Land Sales(-)				
Budget Authority Request				

FUNDED OUTSIDE OF THE ACCOUNT:

Military Construction
Family Housing - Operations
Operation and Maintenance
Other
Homeowners Assistant Program

TOTAL OUTSIDE THE ACCOUNT

SAVINGS:

Military Construction
Family Housing - Construction
Operations
Operation and Maintenance
Military Personnel
Other
Homeowners Assistance Program
Civilian ES
Military ES

TOTAL SAVINGS

NET IMPLEMENTATION COSTS:

Military Construction
Family Housing - Construction
Operations
Environmental
Operation and Maintenance
Military Personnel
Other
Homeowners Assistance Program
Revenues From Land Sales

NET IMPLEMENTATION COSTS
Less Estimated Lands Revenues:

Exhibit BC-02 BRAC Implementation Costs
(page 1 of 2)

BASE REALIGNMENT AND CLOSURE ACCOUNT - 19__ Commission 1/

2/
(DOLLARS IN 3/)

	<u>FY 1994</u>	<u>FY 1995</u>	<u>Total</u> <u>FY 1990-1995</u>
ONE-TIME IMPLEMENTATION COSTS:			
Military Construction			
Family Housing - Construction			
Operations			
Environmental			
Operation and Maintenance			
Military Personnel - PCS			
Homeowners Assistant Program			
Other			
TOTAL ONE-TIME COSTS			
Revenues From Land Sales(-)			
Budget Authority Request			

FUNDED OUTSIDE OF THE ACCOUNT:

- Military Construction
- Family Housing - Operations
- Operation and Maintenance
- Homeowners Assistance Program
- Other

TOTAL OUTSIDE THE ACCOUNT

SAVINGS:

- Military Construction
- Family Housing - Construction
- Operations
- Operation and Maintenance
- Military Personnel
- Other
- Civilian End Strength
- Military End Strength

TOTAL SAVINGS

NET IMPLEMENTATION COSTS:

- Military Construction
- Family Housing - Construction
- Operations
- Environmental
- Operation and Maintenance
- Military Personnel
- Other
- Homeowners Assistance Program
- Revenues From Land Sales

NET IMPLEMENTATION COSTS

Less Estimated Land Revenues:

1/ 1988 Commission, 1991 Commission, 1993 Commission, etc.

2/ Identification, e.g., DoD Financial Summary, Army Summary or Pease AFB Package, etc.

3/ Dollars in thousands.

EXHIBIT BC-02 (page 2 of 2)

BASE REALIGNMENT AND CLOSURE
19__ COMMISSION
PACKAGE DESCRIPTION

Service/Location/Package: Cross-reference to standard terminology employed in the Commission's report.

Closure/Realignment Package: Brief description of the actions necessary to complete the realignment or closure at this location. A package is defined as all actions, costs and savings associated with the closing or realignment of a base or installation as recommended by the Commissions. Include how the physical plant will be affected and the missions that must be terminated or transferred to other locations. Reflect planning and design and management overhead costs in a separate package covering, overall one-time implementation cost. All military construction savings should also be addressed in this same package.

One-time Implementation Costs:

Military Construction: New facilities that must be constructed to accommodate a realignment or closure action. List the construction projects associated with the package as follows:

<u>Location/Project Title</u>	<u>Fiscal Year</u>	<u>Amount</u> <u>of Award (\$ in 000)</u>
-------------------------------	--------------------	--

Subtotal for Each Fiscal Year

Conjunctively-Funded Construction: Identify each project that is funded conjunctively, the total cost of each project and the amounts funded by non-Base Closure Account sources. These projects will also appear on the above list, which will reflect only that portion of the project to be funded by the Base Closure Account.

Family Housing Construction: Specify the number of units and location. As with military construction, list each family housing construction project.

Family Housing Operations: The one-time family housing operations costs associated with package implementation.

Operation and Maintenance: Includes PCS of civilian personnel, civilian severance costs, transportation of things, RPM and other one-time implementation costs as a result of closure or realignment. Program management costs should also be addressed, but only in the separate package covering overall one-time implementation costs.

Procurement Items: Items normally funded from procurement appropriations.

Revenues From Land Sales: Provide statistics and narrative to adequately describe the land being proposed for sale. Describe the method and date of appraisal.

Environmental: Indicate the environmental restoration actions that will occur at both the losing and gaining locations, the funding requirements and status of all such restoration actions.

Savings: Demonstrated savings that will accrue from the partial or complete closure of the base.

Military Construction: To be addressed in the single package addressing overall/program management costs.

Family Housing Construction: Self-explanatory.

Family Housing Operations: Savings (offset by increased recurring costs).

Operation and Maintenance: One-time and recurring savings (offset by increased recurring costs) in civilian personnel, base operations, RPMA and other costs as a result of closure or realignment. Be specific as to the category,

Military Personnel: One-time and recurring savings (offset by increased recurring costs) in military personnel as a result of closure or realignment. Be specific as to the category.

Other: Self-explanatory.

1. COMPONENT	FY 19__ MILITARY CONSTRUCTION PROJECT DATA			2. Date
3. INSTALLATION AND LOCATION			4. PROJECT TITLE	
5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	PROJECT COST (\$000)	
9. COST ESTIMATES				
ITEM	U/M	QUANTITY	Unit Cost	Cost (\$000)
10. DESCRIPTION OF PROPOSED CONSTRUCTION				

1. COMPONENT	FY 19_ MILITARY CONSTRUCTION PROJECT DATA			2. Date
3. INSTALLATION AND LOCATION			4. PROJECT TITLE	
5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	PROJECT COST (\$000)	

INSTRUCTIONS FOR PREPARATION OF
DD FORM 1391/1391C
"FY __ MILITARY CONSTRUCTION PROJECT DATA"

1. The DD Form 1391 will be used, as applicable, by the Active, Guard, and Reserve Forces to support each project proposed for inclusion in the Military Construction Program. This includes both new authorization projects in the program as well as urgent unforeseen projects using emergency or contingency authorization. This form will also be used to transmit supporting data for the following types of projects:

a. Minor construction projects (10 U.S.C. 2674) which the Active Forces are required to submit to OSD for approval in accordance with the statute and provisions of DoD Directive 4270.24.

b. Operation and maintenance type projects required to be submitted to OSD in accordance with the provisions of DoD Directives 4270.24, 1225.5 and 4165.2.

c. Projects for restoration of damaged facilities (10 U.S.C. 2673 and 10 U.S.C. 22) which are required to be submitted for approval in accordance with the statute.

d. Nonappropriated fund construction projects requiring OSD concurrence or approval.

e. Family housing projects.

2. The continuation sheet (DD Form 1391c) will be used as required for explanation of the requirement for the project (item 11.) and other mandatory statements concerning flood plains and wetlands environmental impact, accessibility to the handicapped, fallout shelters, etc. However, when submitting an annual Military Construction Program, these mandatory statements may be included in the front of the program book.

3. Instructions for preparation of DD Form 1391 are outlined below:

a. ITEMS 1 and 2 - COMPONENT AND DATE: Self-evident.

b. ITEM 3 - INSTALLATION AND LOCATION: Enter the official name of the installation. Use code name or designations only when necessary to preclude security classification or when an official name is not available. Enter the name of the State if within the United States or the name of the country or island chain if outside the United States. In the case of Guard and Reserve Forces facilities, enter the city and State if the facility is not to be constructed on a military installation.

c. ITEM 4 - PROJECT TITLE: Enter the title used in item 8, column 2 of the DD Form 1390, assuring that it corresponds to the category code in item 6.

(1) Except for new construction, the type of work, such as "addition," "conversion," "alteration," or "modernization" shall be used in the title.

(2) Where a single structure is to serve more than one purpose, the title should reflect the predominate use.

(3) The scope of a project or number of buildings involved will not be shown in the title (i.e., and "Enlisted Quarters" project will not be shown as "Two 250 Man Enlisted Quarters.")

(4) Avoid the inclusion of acronyms.

(5) If a project requires land acquisition estimated to cost in excess of \$50,000, the project title will be suffixed with "With Land Acquisition". Land to be acquired for the construction of several projects or for other purposes shall be programmed as a separate project and identified on a separate DD Form 1391.

d. **ITEM 5 - PROGRAM ELEMENT:** Enter the appropriate number as it relates to the "Five Year Defense Program," except when inclusion of this number would require classification of an otherwise unclassified form.

e. **ITEM 6 - CATEGORY CODE:** Enter the applicable category code using no less than three nor more than six digits consistent with item 8, column 1 on DD Form 1390.

f. **ITEM 7 - PROJECT NUMBER:** Enter the number of the project assigned by the Component concerned. If no number has been assigned, indicate N/A (not applicable).

g. **ITEM 8 - PROJECT COST:** Enter the estimated cost in thousands of dollars (excluding design except for family housing) for which funding is being requested. The amount indicated should be identical to that shown in item 8., column 4, of the DD Form 1390 and should include the costs of the primary facilities, supporting facilities, contingencies, supervision, inspection, and overhead. Figure will be the Total Request entered in item 9. and will not include the figure entered for "Equipment Provided From Other Appropriations."

h. **ITEM 9 - COST ESTIMATES:** This portion of the DD Form 1391 is comprised of several elements which collectively comprise the Total Request. Each element will be identified, quantified, and costed in a series of five column entries as follows:

(1) **Item:** Identity of the Primary or Supporting Facility, etc. as described in item 9., line 1.

(2) **U/M (unit of Measure):** Each entry in the "item" column will be followed in the "U/M" column by the accepted two-character abbreviation for the unit of measure associated with the quantity of the item concerned (e.g., SM, SY, LF, KV, etc.). Where it is not feasible to show a specific unit of measure, use LS (Lump Sum).

(3) Quantity: Enter the required number of units of measure comprising the "item" entry. Where "LS" is the unit of measure, enter a dash (-).

(4) Unit Cost: Enter the appropriate unit cost for each "item" entry where a unit of measure is indicated. Where the unit of measure is "LS" enter a dash in the unit cost column.

(5) COST (\$000):

(a) Enter the cost, in thousands of dollars, represented by the product of the "Quantity" and "Unit Cost" entries.

(b) When a single primary facility is listed enter the cost of the facility without parentheses. If unusual features or functional areas of the primary facility are listed, the cost of each shall be enclosed with parentheses. The sum total cost of these features shall equal the figure entered for the primary facility.

(c) When more than one primary facility is listed, the cost of each facility will be entered in the cost column without parentheses.

(d) The cost entry for the item "Supporting Facilities" shall be entered without parentheses and shall be the total of the various supporting facilities listed. However, each of the individual supporting facility costs shall be enclosed by parentheses.

(e) The cost entered for items such as "Subtotal," "Contingency," "Contract Cost," "SIOH," and "Total Request" shall be entered without parentheses. However, the cost for Equipment Provided From Other Appropriations" shall be entered as a nonadd item.

(f) Projects in category Code 500 will have separately identified the equipment purchased for the Surgeons General as "Category Equipment" showing the total cost of such equipment added to the "Total Request". Labor cost for installation of "Category E" equipment should be included in the unit cost for the primary facility because it is part of the "Total Contract Cost."

(6) PRIMARY FACILITY: Enter the identity and required columnar data for the primary facility. When the primary facility consists of two or more components the cost of the primary facility will be the sum of the costs of the individual components. In addition, subordinate components will be entered under the primary facility after indenting two spaces.

(a) Normally, the cost of fixed equipment provided as part of the construction contract (e.g., cooling, heating, and electrical systems, etc.) will be included in the cost of the primary facility. However, when the primary facility includes unusual features of significant cost, such as hyperbaric vessels and standby cooling, such features should be identified under the primary facility.

(b) Land acquisition required specifically for the project and estimated to cost \$50,000 or more shall be listed in the same manner as an unusual feature. Conversely, land acquisitions estimated to cost less than \$50,000 are to be accomplished under 10 U.S.C. 2672 and should not be listed.

(c) For family housing new construction, the entry under primary facility will show the total number of units in the project. As subordinate components to the primary facility "Units to 5' line," "GFE," and "Land Acquisition" will be shown in parentheses in the cost column to add up to the cost of the primary facility shown. Item 10 will be used to show the numbers and cost computations for the various types of living units which comprise the primary facility.

(d) "Lump-sum" funding requests are prohibited. The only instance for which separate construction projects can be combined under a single DD 1391 is when each of the projects is in the same general facility category (i.e., supply facilities, maintenance and production facilities, unaccompanied personnel housing, etc.). Programs such as "facility upgrades," "ATB Beddown Facilities," and others combining a number of disparate construction efforts must be justified as separate projects. If it is planned, in execution, to construct several of these projects at a single location under one contract, a statement to that effect should be included in the "Additional" section of Item 10.

(7) SUPPORTING FACILITIES: List those items of construction directly related to and required for the support of the primary facility. Such items should include (a) special construction features (piles, spread footings, seismic, fill, etc.); (b) utilities (gas, oil, steam, electric, and water supply lines as well as sanitary and storm sewers); (c) site preparation; (d) roads, sidewalks, and parking; (e) site improvements (seeding, sodding, landscaping, etc.); (f) fencing; and (g) demolition. All supporting facility items should be listed in terms of accepted units of measure and quantity whenever practicable. For family housing, design cost will be identified under "Supporting Facilities."

(8) SUBTOTAL: Enter the sum of the costs shown for all primary and supporting facilities.

(9) CONTINGENCY: Enter the appropriate contingency rate, in parentheses, immediately following the item designation in column 1, and enter the cost equivalent in the proper column. While the normal contingency rate is 5 percent, contingency rates may vary with unusual conditions. Therefore, rates in excess of 5 percent shall be adequately justified.

(10) TOTAL CONTRACT COST: Enter the sum of the "Subtotal" and the "Contingency" costs. In the case of Army National Guard, armory projects which are funded, in part, from other than Federal funds, enter the Federal costs on the first line and the State or other cost on the next line below.

(11) SUPERVISION, INSPECTION, AND OVERHEAD (SIOH): Enter the appropriate SIOH rate in column 1 after the item designation and reflect the cost equivalent in the proper column.

(12) TOTAL REQUEST: Enter the sum of the "Total Contract Cost" and the "SIOH". This figure should be identical to the entry in item 8., "Project Cost (\$1000)". Total request should be rounded-off to provide a more realistic approach to the presentation of MILCON programs. The following guidance is provided for "rounding-off" a projects' total request:

Project (P) Estimate (\$000)		Rounding Guidance	
	P 1,000	Nearest \$	10K
1,000	P 5,000	Nearest \$	50K
5,000	P 10,000	Nearest \$	100K
10,000	P 15,000	Nearest \$	200K
15,000	P 20,000	Nearest \$	500K
20,000	P	Nearest \$	1,000K

(13) EQUIPMENT PROVIDED FROM OTHER APPROPRIATIONS: Enter the total cost of equipment which is procured with other than MILCON funds and which is essential to the mission of the facility. DD Form 1391 should reflect only the cost of equipment identified in the Associated Equipment Report. If no such major equipment is associated with the project, enter a "zero" in the appropriate space. Note that this figure is not included in the "Total Request" above. This excludes minor items procured with O&M funds, and in the case of Army National Guard, excludes equipment provided from other than Federal appropriations.

i. ITEM 10 - DESCRIPTION OF PROPOSED CONSTRUCTION:

(1) In a clear and concise manner, provide a complete outline of all principal features of the work and its correlation with the various data entered in item 9.

(2) Begin with an accurate description of the primary facility. For buildings, indicate the materials planned to be used for the frame, walls, roof, and foundations, and identify the major functions for which space is being provided. For structures other than buildings, describe each major element required to produce a complete and usable facility. Avoid the use of generalities such as "most economical means" or "modern methods and materials."

(3) Provide only such additional descriptive details as are necessary for clarity.

(4) Identify and list the buildings or structures to be demolished in connection with the proposed construction, if applicable.

(5) For single person quarters projects, indicate the grade mix of personnel, officer or enlisted, who will occupy the facilities.

(6) For projects involving additions, alterations, or conversions, describe the changes to be made.

(7) At the last entry in item 10., indicate the amount of air conditioning required (e.g., air conditioning - 15 tons).

j. ITEM 11 - REQUIREMENT: This portion of the DD Form 1391 is comprised of five elements which are to be set forth in the following format:

(1) Immediately after the item title "Requirement" indicate, in appropriate units of measure, the total facility requirement (e.g., 77, 366 SF), followed by two additional entries giving the status of the existing facility (e.g., adequate: 66,134 SF; substandard: -0-).

(2) PROJECT: Provide a one-sentence statement indicating what this project provides.

(3) REQUIREMENT: Provide detailed, informative statements as to precisely why the project is needed. Use positive statements to support the requirement and avoid the use of such words as "inadequate," "uneconomical," and "necessary" unless they are fully explained. Similarly, when identifying contributing factors, assure that the presentation leaves no pertinent questions unanswered (e.g., excessive maintenance (show cost comparison); self-liquidation (show amortization); or advanced deterioration (describe effects)). The requirements must establish maximum utilization of existing facilities and identify alternatives considered, along with reasons for their rejection.

(4) CURRENT SITUATION. Describe how and under what conditions the requirement is presently being met. Comments should support the stated requirement and include the identity and description of current assets as well as the reason they are considered unsuitable for continued use. For Guard and Reserve Forces projects which are to replace existing facilities, identify and describe the disposition to be made of them. Similarly, for Guard and Reserve Forces facilities to be constructed and/or utilized jointly with other Guard/Reserve components, include pertinent information and status of coordination or negotiations.

(5) IMPACT IF NOT PROVIDED. Describe the manner and extent to which mission accomplishment would be affected if the project were not approved.

(6) ADDITIONAL. If the project is justified on an economic basis (primary economic analysis), so state and indicate the projected payback period. As a minimum, all renovation, upgrade, and replacement projects must be supported by an economic analysis. For all other projects, state precisely why a primary economic analysis cannot be applied to the project. When providing supporting documentation for the OSD budget submission, enter appropriate statements on commercial/industrial operations in accordance with the OMB Circular A-76 and as required by applicable DoD Instruction. Entry of this information on the DD 1391 or on a separate DD 1391c is optional. For all overseas projects, state whether or not the project is eligible for NATO Infrastructure or other host nation funding. NOTE: Space requirements for items 10. and 11. will vary. Therefore, remaining space on the DD Form 1391 may be used as necessary for the specific entries and continued on a DD Form 1391c as appropriate. A solid, black line should be used to set items 10. and 11. apart, and individual item titles and subheadings should be added.

Reconciliation of Increases and Decreases

(Dollars in Thousands)

1. FY 19CY President's Budget Request (Amended)
2. Congressional Adjustments:
 - a.
 - b.
 - c.
 - etc.
3. FY 19CY Appropriated Amount
4. Proposed Supplementals:
 - a. Civilian Pay Raise
 - 1) Classified
 - 2) We Board
 - b. Program Supplemental
 - 1)
 - 2)
 - etc.

(To the extent that supplemental requests reflect an amount that is less than the requirement show (parenthetically) both the total requirement and the amount absorbed to arrive at the amount of the supplemental.)

5. Price Growth:

(Should agree with price growth on the OP-32 exhibit. It is not necessary to provide a distribution of the price growth into categories.)

6. Functional Program Transfers:
 - a) Transfers in
 - 1)
 - 2)
 - etc.
 - b) Transfers Out
 - 1)
 - 2)
 - etc.

(This category should be used only when a program function is transferred between activity groups or Services. This category should not be used to show the transfer of funds between activity groups in instances where the transfer of funds is not accompanied by a functional transfer of the program for which the funds were initially requested. Also see end "NOTE" on next page)

Exhibit OP-5 (Part 2) Attachment 1: Reconciliation of Increases and Decreases

(page 1 of 2)

Reconciliation of Increases and Decreases (Continued)

(Dollars in Thousands)

7. Program Increases: (For each program increase or decrease provide quantitative and qualitative information relative to the proposed change, as well as the baseline (in dollars) to which the increase or decrease applies. Increases and decreases should address specific adjustments in program particularly changes in force structure, number of compensable days, workyears, etc. Where possible show specific workyear/end strength adjustments for both military and civilians.)
 - a.
 - b.
 - c.
 - etc.
8. Program Decreases:
 - a.
 - b.
 - c.
 - etc.
9. FY 19CY Current Estimate
10. Price Growth (See 5 above)
11. Functional Program Transfers (See 6 above)
12. Program Increases (See 7 above)
13. Program Decreases (See 8 above)
14. FY 19BY1 Budget Request
15. Price Growth (See 5 above)
16. Functional Program Transfers (See 6 above)
17. Program Increases (See 7 above)
18. Program Decreases (See 8 above)
19. FY 19 BY2 Budget Request

NOTE: If a particular category of increase or decrease does not apply leave it off the Exhibit OP-5 (rather than include it on the Exhibit OP-5 with a value of zero). Reprogramming actions included in the budget submission for the Current Year other than 1415-IR functional transfers should be shown separately. Except for this, categories of increases and/or decreases other than those shown above should not be used.

CHAPTER 8
REAL PROPERTY MAINTENANCE/MINOR CONSTRUCTION
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CHAPTER 8

REAL PROPERTY MAINTENANCE/MINOR CONSTRUCTION

0801 GENERAL

080101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for Real Property Maintenance and Minor Construction.

B. The following appropriations and accounts are covered:

Section

0802

- Operation and Maintenance Appropriations
- Research, Development, Test, and Evaluation Appropriations
- Real Property Maintenance, Defense

080102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 8 covers specific additional back-up material requirements for the above Real Property Maintenance and Minor Construction accounts.

080103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 8 provides additional specific guidance with regard to the back-up material required for Real Property Maintenance and Minor Construction.

080104 References

Chapter 3 provides guidance related to Operation and Maintenance costs and submission organization and Chapter 5 provides guidance, submission organization and formats related to Research, Development, Test, and Evaluation appropriations.

080105 Real Property Maintenance, Defense (RPMD)

The Real Property Maintenance, Defense appropriation was established in FY 1992 to reduce the backlog of maintenance and repair projects. After FY 1992, the RPMD account was expanded to fund major repair projects costing a minimum of \$15,000 per project and minor construction projects costing \$15,000 to \$300,000 per project (*up to \$1,000,000 if the project is intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening*), with a few exceptions. Specifically, environmental-type RPM projects should be budgeted where other environmental efforts are budgeted; RPM at research facilities should be budgeted in the RDT&E appropriation, RPM at health care facilities should be budgeted in the Defense Health Program, while RPM projects budgeted through DOD revolving funds should continue to be budgeted there. If, in the future, Congress does not appropriate funds in this appropriation, the efforts originally budgeted in the RPMD account should be budgeted within the O&M appropriation.

0802 BUDGET ESTIMATES SUBMISSION

080201 Purpose

A. This Section prescribes instructions for the preparation and submission of budget estimates for Real Property Maintenance and Minor Construction requirements.

B. Guidance covers all Operation and Maintenance, RDT&E and Real Property Maintenance Defense accounts with Real Property Maintenance (RPM) and minor construction costs. Real Property Maintenance and minor construction includes: all recurring maintenance costs and repair projects (MRP), minor construction (MC) costs (up to a maximum of \$300,000.00 per project, *or up to \$1,000,000 if the project is intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening* and \$300,000.00 thousand for reserve accounts), real property renovation project costs (that combine minor construction and repair costs), and planning and design costs associated with projects; providing funding support to maintain and repair buildings, structures, warehouses, roadways, aprons, railway trackage, utility plants, distribution systems, and other real property. Minor construction includes funding for the erection, installation, or assembly of new facilities, and for the alteration, or conversion of existing facilities. These categories do not include RPM funds included in Defense Business Operations Fund activities. These accounts also do not include operation of utilities, utility charges, annual lease payments, or other support services (such as custodial contracts, snow removal, etc.) included in Base Operations Support. For analysis purposes RPM expenditures fall into two general categories: (1) annual operational expenses which include all recurring maintenance costs and contracts, and minor repair or minor construction projects costing up to \$15,000.00 per project, and (2) RPM facility investments which include major repair projects (costing more than \$15,000.00 per project) and minor construction projects costing between \$5,000.00 and \$300,000.00 per project.

C. Program funding submitted in Component justification materials must reflect the approved funding levels identified in the RPM Program Elements in the current FYDP.

D. Examples of special budget exhibits can be found in Section 0806.

080202 Submission Requirements

A. General Guidance. All Components (i.e., active forces, defense agencies, national guard and reserve forces) shall submit justification data and exhibits to support budget estimates for Real Property Maintenance and Minor Construction, in a separate bound attachment (reference Chapter 3, Section 030201). Two copies of this attachment will be delivered to: Directorate for Construction, Program/Budget, OUSD(C) Room 3D840, Pentagon, on the same date as all other submissions required for O&M Appropriations. Exhibits required include:

- OP-27 Real Property Maintenance Activities
- OP-27H Historic Buildings and Housing Costs (All Appropriations)
- OP-27P Real Property Maintenance and Minor Construction Projects (All Appropriations - Projects Costing More than \$ 500,000)
- OP-28 Summary of RPM and PRV (All Appropriations)
- OP-5 Part 2 Attachment 5: Real Property Maintenance and Minor Construction

B. Military and civilian personnel costs reflected on Exhibit OP-28, will include only those personnel assigned in support of RPM and minor construction accounts. It will include those personnel performing planning and design functions for both projects and installation RPM surveys and RPM master planning, but will exclude those involved in other base operating services or support services.

C. For the biennial budget, separate sections or volumes will be provided for Biennial Year 1 (BY1) and Biennial Year 2 (BY2). For the Biennial Year 2 (BY2) section, BY1 will be considered as the prior year and BY2 as the budget year.

080203 Preparation of Material

All material will be provided on 8-1/2 inch by 11 inch size paper, and bound on the long side.

All narrative data will be typed across the short dimension of the paper, while exhibits will be typed across the long dimension.

0803 CONGRESSIONAL
JUSTIFICATION/PRESENTATION

080301 General

Components are required to conform to the PBD approved funding levels when submitting final budget exhibits to Congress.

080302 Organization of Justification Books

See chapters covering specific appropriation (Operation and Maintenance - Chapter 3, RDT&E - Chapter 5, RPMD same as O&M in Chapter 3). In addition to exhibits cited in section 0802, a PBA-7, Real Property Maintenance exhibit is also required.

0804 REVENUE FORM TRANSFER OR
DISPOSAL OF DOD REAL PROPERTY
AND REVENUE FROM LEASING OUT
OF DOD ASSETS

080401 General

Sections 2805 and 2806 of the FY 1991 National Defense Authorizations Act, P.L. 101-510, require detailed information on revenues, transfers, and the use of proceeds derived from these authorities as follows:

080402 Revenue From Transfer or Disposal of
DoD Real Property (Section 2805)

For the revenue from transfer or disposal of DoD Real property the requirements are to identify each transfer and disposal made during the fiscal year, including a detailed explanation of each such transfer and disposal and of the use of the proceeds received from it by the DoD. An estimate for the current and budget year transfers or disposals should also be included.

080403 Revenue From Leasing Out of DoD Assets
(Section 2806)

For the revenue from leasing out of DoD assets the requirements are to identify each lease entered into during the fiscal year, including a detailed explanation of each lease and amendments, and of the use of the lease proceeds that were expended by DoD. An estimate for the current and budget year leases and revenues should also be included.

080404 Deposit and Accounting Procedures

Cash receipts obtained from the transfer or disposal of real property will be deposited into the Disposal of DoD Real Property Account, 97X5188. Cash receipts obtained from leasing out of DoD assets will be deposited into the Lease of DoD Real Property, 97X5189. Accounting instructions are included in USD Comptroller letter, dated 8 January 1992, subject: Guidance for the Disposal, Transfer, or Leasing Out of DoD Real Property (which will be superseded by Volume 4 of the DoD Financial Management Regulation when published).

080405 Funds Release Procedures

Funds deposited into these accounts are available only for purposes of maintenance and repair and environmental restoration at U.S. facilities as specified in the Act. The Components may request release of funding, based on verifiable deposits, by memorandum to the USD Comptroller, Director for Construction.

080406 Budget Exhibits for Congressional
Submission

To comply with this requirement, a PB-34 exhibit must be completed by each component and included in the O&M RPM Justification Book (Volume III) for both the revenue from the transfer or disposal of DoD real property (Section 2805) and for the revenue from leasing out of DoD assets (Section 2806).

0805 DOD OVERSEAS MILITARY FACILITY
INVESTMENT RECOVERY ACCOUNT

installations to be financed from the proceeds
deposited into this account.

080501 General

Section 2921 of the FY 1991 National Defense Authorizations Act, P.L. 101-510, established the Department of Defense Overseas Military Facilities Investment Recovery account. The Purpose of the account is to collect payments from host nations for the value of new construction and improvements made by the United States at overseas military installations being returned.

080502 Deposit and Accounting Procedures

Cash receipts obtained from return of overseas real property and improvements to host nations will be deposited into the DoD Overseas Military Facility Investment Recovery Account, 97X5193. Accounting instructions are included in USD Comptroller letter, dated 17 June 1991, subject: Guidance for Department of Defense Overseas Military Facility Investment Recovery Account (which will be superseded by Volume 4 of this Regulation when published).

080503 Funds Release Procedures

Funds deposited into the DoD Overseas Military Facility Investment Recovery Account are available only for purposes of maintenance and repair and environmental restoration at U.S. facilities and maintenance and repair and environmental compliance at military facilities outside the U.S. as specified in the Act. The Components may request release of funding, based on verifiable deposits, by memorandum to the USD Comptroller, Director for Construction.

080504 Budget Estimate Submission Exhibit

Components returning overseas military facilities to host nations that have resulted in collections to this account must complete OP-29. This exhibit provides information on the cost and improvements, depreciation, residual value, and amount collected from the host nation that is necessary in accomplishing an annual report to the Congress. It also documents proposed real property maintenance or environmental restoration/compliance projects at military

0806 REAL PROPERTY
MAINTENANCE/MINOR
CONSTRUCTION FORMATS

080601 Purpose

The special formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

080602 Exhibits in Support of Section 0802 - Budget Estimates Submission

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--------------------------------------	----

080604 Exhibit in Support of Section 0804 - Revenue From Transfer or Disposal of DoD Real Property and Revenue from Leasing out DoD Assets: Congressional Justification/Presentation

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080605 Exhibit in Support of Section 0805 - DoD Overseas Military Facility Investment Recovery Account: Budget Estimates Submission

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---	----

Real Property Maintenance Activities

DoD Component _____
 Appropriation _____
 Program Element Number(s) _____

Date _____

FY 19 _____

Functional Category _____
 at Work Functions _____
 Active Installations _____

Operation & Maintenance Costs (\$000)

Workload _____
 Data _____
 Civilian _____
 Personnel _____
 Contracts _____
 Other _____
 Total _____
 Military Personnel (\$000) _____
 BMAR _____

1. Maintenance & Repair

- a. Utilities
 - XXX
 - XXX
 - KSF
 - XXX
 - KSY
 - ac
 - KLF
- b. Other Real Property
 - (1) Buildings
 - (2) Other Facilities
 - (3) Pavements
 - (4) Land
 - (5) Railroad Trackage

2. Minor Construction

3. Operation of Utilities

- a. Electricity-Purchased
- b. Electricity-In House
- c. Heat-Purchased Steam/Water
- d. Heat-In House Generated Steam/Water
- e. Water Plants & Systems
- f. Sewage Plants & Systems
- g. Air Conditioning & Refrigeration
- h. Other

KWH
 KWH
 MBTU
 MBTU
 KGAL
 KGAL
 TONS
 XXX

4. Other Engineering Support

- a. Services
- b. Admin & Overhead
- c. Rentals, Leases & Easements

XXX
 XXX
 XXX

Total Active Installations

Inactive Installations

Grand Total

Instruction: (1) Complete for each O&M and RPMD appropriation and provide applicable program element numbers.
 (2) Cost data to reflect obligations.
 (3) Data required for past, current and budget years. Definitions to be in accordance with DoD Instruction 4165.58.

BACKLOG OF MAINTENANCE AND REPAIR (BMAR) OF REAL PROPERTY
(\$ in Thousands)

DoD Component: _____

Appropriation: _____

	(Prior) PY	(Current) CY	(Budget) BY1	(Budget) BY2
A. BACKLOG - BEGINNING OF YEAR	\$	\$	\$	\$

(BACKLOG CARRIED FORWARD FROM PRIOR YEARS)
(MINUS BACKLOG MORE THAN FOUR YEARS OLD)
(ADJUSTED BACKLOG CARRIED FORWARD)
(INFLATION ADJUSTMENT)
(FOREIGN CURRENCY REVALUATION)

B. REQUIREMENTS:

(RECURRING MAINTENANCE & REPAIR)
(MAJOR REPAIR PROJECTS)
(BACKLOG DETERIORATION)

C. TOTAL REQUIREMENTS (A + B)

D. PROGRAM ADJUSTMENTS:

(DIRECT PROGRAM FUNDING)
(FUNDS MIGRATION FROM OTHER PROGRAM AREAS)
(NET OTHER ADJUSTMENTS) a/

E. BACKLOG - END OF YEAR (C - D) b/

F. PERCENT BMAR CHANGE (E , A)

a/ Net other adjustments - Projects dropped from BMAR program, project cost changes, new BMAR projects added, non-qualifying unfinanced work, other changes. Attach a footnote highlighting the major items reflected in the estimate.

b/ BMAR is defined as the total maintenance and repair which remains as a verified firm requirement that was not started during the fiscal year due to lack of resources.

DoD Component:
Appropriation:

REAL PROPERTY MAINTENANCE ACTIVITIES
FY XXXX PRESIDENT'S BUDGET
OPERATION & MAINTENANCE COSTS
Real Property Maintenance and Minor Construction Projects
(HISTORIC BUILDINGS COSTS)

FY PY FY CY (\$ 000) FY BY1 FY BY2

HISTORIC BUILDINGS (Excluding Family Housing)

- A. No. of Facilities _____
- B. Minor Construction _____
- C. Major Repair (projects costing over \$ 25,000.00):
- D. Recurring Maintenance (projects costing \$ 25,000.00 or under)

Grand Total:

DoD Component: _____
Appropriation: _____

REAL PROPERTY MAINTENANCE ACTIVITIES
FY XXXX/FY XXXX PRESIDENT'S BUDGET
Major Repair/Major Repair With Concurrent Minor Construction Projects
(Costing more than \$ 500,000.00)

(\$ 000)
Cost

Project Title
b/

State
a/

Location/Installation

Justification: c/

Total Minor Construction: d/
Total Repair and Maintenance: e/
Total Active Installations: f/
Total Inactive Installations: g/

Grand Total:

Exhibit OP-27P Real Property Maintenance and Minor Construction - Projects Over \$ 500,000
Page 1 of 2

Notes:

- a/ Prepare this exhibit by State, in alphabetical order, following the same format as the MilCon C-1 Annex.
- b/ The Project Title. A short title that describes the nature of the project (example; "Repair Roof, Bldg. 15").
- c/ The Justification is a short narrative that describes the nature of the project, scope of the project, and the reason it is required (example; Title - "Repair Roof, Bldg. 15", Justification - "Projects repairs 40,000 SF roof on warehouse. Repairs required to fix trusses and roof leaks. Repairs needed due to age of facility (37 years), and normal deterioration from weather and other causes").
- d/ Minor Construction. This is the total cost of minor construction being used concurrently for major repair projects appearing in this exhibit.
- e/ Total Repair and Maintenance. This column is the total of costs for all projects listed in this exhibit. It includes only projects costing more than \$500,000.00. All totals will be listed only at the end of the exhibit.
- f/ Total Active Installations. This column is the sum of Minor Construction costs, and the total costs of Repair and Maintenance projects costing more than \$500,000.00, for active installations.
- g/ Total Inactive Installations. This column is computed in the same manner as "f" above, for inactive installations. The Grand Total is the sum of costs reflected in this exhibit, for both active and inactive installations.

**Maintenance of Real Property Facilities
(Dollars in Thousands)**

SUMMARY

	<u>FY 19PY Actual</u>	<u>FY 19CY Estimate</u>	<u>FY 19BY1 Estimate</u>	<u>FY BY2 Estimate</u>
1. <u>Funded Program</u>				
a. <u>Category of Maintenance</u>				
(1) <u>Recurring Maintenance</u>				
(2) <u>Repair Projects:</u>				
a. up to \$15,000 per project				
b. greater than \$15,000				
(3) <u>Minor Construction:</u>				
a. up to \$15,000 per project				
b. greater than \$15,000				
Total RPM:				
b. <u>Budget Activity</u>				
BA				
BA				
Total RPM:				
c. <u>Staffing (in end strength)</u>				
military personnel:				
civilian personnel				
2. <u>Backlog of Maintenance and Repair</u>				

3. Facility Category

	Plant Replacement Value (Dollars in Millions)		Funded Program (Dollars in Millions)	
<u>FY PY</u>	<u>FY CY</u>	<u>FY BY1</u>	<u>FY PY</u>	<u>FY BY1</u>

Operational				
Communications / Aviation				
Waterfront and Harbor				
Training				
Aviation Maintenance				
Shipyard Maintenance				
Other Maintenance				
Production				
POL Supply/Storage				
Armo Supply/Storage				
Other Supply/Storage				
Hospital/Medical				
Administrative				
Troop Housing/Dining				
Other Personnel Support				
Services				
Utility Systems				
Real Estate/Structures				
Land Improvements				
Rail Trackage				
Minor Construction				
O&M Funded RDT&E				
RDT&E Funded RPM (PE XXXXXXX)				

Total:

NOTE: Part 1. will include three sections; one by category as specified, and one by budget activity, and one reflecting manpower. Part 2. will be the backlog of maintenance repair at the end of the fiscal year. Part 3. will identify Plant Replacement Value (PRV), and repair, maintenance and minor construction funding by facility investment code, as specified in DoD real property investment categories as defined by DODI 4165.3 and the DoD Accounting Manual (which will be superseded by Volume 4 of this manual when published).

Exhibit OP-28 (page 2 of 2)

OP-28 (page 2 of 2)

REAL PROPERTY MAINTENANCE AND MINOR CONSTRUCTION

Activity Group: **Real Property Maintenance and Minor Construction**

I. Narrative Description:

(Same as for the basic OP-5 exhibit)

II. Description of Operations Financed:

(Same as for the basic OP-5 exhibit)

III. Financial Summary (O&M □ thousands):

A. **Subactivity Breakout** (Same column headings as the basic OP-5 exhibit)
Total

B. **OP-32 Line items as applicable**
(Same as for the basic OP-5 exhibit)

C. **Reconciliation of Increases and Decreases**
(Same as for the basic OP-5 exhibit)

IV. Performance Criteria and Evaluation:

A. Maintenance & Repair

Utilities (XXX)

Buildings (KSF)

Pavements (KSY)

Land (AC)

Other Facilities (KSF)

Railroad Trackage (KLF)

Recurring Maintenance

Major Repair

B. Minor Construction

Number of Projects

REAL PROPERTY MAINTENANCE AND MINOR CONSTRUCTION

C. Administration and Support

Number of A&E Contracts
Planning and Design Funds
Military E/S
Civilian E/S

Total Personnel E/S

Number of Installations

Backlog of Maintenance and Repair (thousands)

V.

Personnel Summary:

(Same as for basic OP-5 exhibit)

VI.

Outyear Data:

(Same as for basic OP-5 exhibit)

ADDITIONAL INSTRUCTIONS

This schedule is for all repair, maintenance and minor construction funding and support for real property. Additional performance criteria and workload indicators may be included for any functional category. Include direct Operations and Maintenance costs, contractual costs of RPM & MC projects, including planning and design contracts supporting RPM & MC projects, and direct personnel costs (exclude amounts funded from Military Personnel appropriations).

REAL PROPERTY MAINTENANCE
COMPONENT TITLE

(\$ in Millions)

FY PY	FY CY	FY BY1	FY BY2
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>

Appropriation Summary:

Operation and Maintenance,

Description of Operations Financed: Separately describe maintenance and repair of real property and minor construction.

PROGRAM DATA

(Provide applicable program data)

Maintenance and Repair of Real Property
Minor Construction
Backlog of Maintenance and Repair (BMAR)

PERSONNEL DATA

Active Force Personnel

Officer
Enlisted
Cadets
Total

Civilian Personnel

U.S. Direct Hires
Foreign National Direct Hire
Total Direct Hire
Foreign National Indirect Hire
Total

Discussion:

Directions

Reflect program data under "Description of Operations Financed" and "Program Data" sections.

Narrative Explanation of Changes: Provide a succinct narrative explanation of total resource changes (for \$ provide in nearest tenth of a million) between the Current Year and Biennial Year 1 and between Biennial Year 1 and Biennial Year 2 by relating it to program changes (force structure, end strength, etc.) and pricing changes for the period. Also identify any applicable major pricing changes between years.

Identify on the bottom of the exhibit a point of contact who is knowledgeable about the content of the data reflected on the exhibit as well as a telephone number for the individual.

Exhibit PBA-7 Real Property Maintenance

DEPARTMENT OF
REVENUE FROM LEASING OUT OF DEPARTMENT OF DEFENSE ASSETS
FY 1995 PRESIDENT'S BUDGET

(Rental Amount Received in \$ Thousands)

	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY</u>
1. Lease	\$XX,XXX	\$XX,XXX	\$XX,XXX

(a) Explanation of Lease

(b) Explanation of Anticipated Expenditures Resulting from Rentals by Fiscal Year

(c) Actual Use of Revenue Generated from Rentals in Prior Year

(d) Explanation of Amendments Made to Existing Leases

<u>Total Department of</u>	\$XX,XXX	\$XX,XXX	\$XX,XXX
----------------------------	----------	----------	----------

Instructions: Each revenue-generating lease should be listed above with an estimate of rental amount to be received in each fiscal year in thousands of dollars. For Explanation of Lease, include the name of the location, state, and a brief description/purpose of the lease. For Explanation of Anticipated Expenditures Resulting from Rentals, a description of anticipated uses for revenues collected is required. Include different explanations by fiscal year, if the purpose is anticipated to differ. For Actual Use of Revenue Generated from Rentals in Prior Year, this entry would be negative for FY 1992 since FY 1993 is the first year of entry. For Explanation of Amendments Made to Existing Leases, include a description of any changes made to leases in prior years, or as an update to a present or future year lease described during the past submission.

(NOTE: The same exhibit would also be prepared for Revenue from Transfer or Disposal of DoD Real Property)

Exhibit PB-34 Revenue from Leasing Out of Department of Defense Assets

DEPARTMENT OF
OVERSEAS MILITARY FACILITY INVESTMENT RECOVERY ACCOUNT

(Dollars in Thousands)

PART A: REAL PROPERTY ASSETS DISPOSED

Host nation providing consideration/payment

1. Description of facility, location, and amount received:

(a) Total amount of the investment
(cost plus improvements) in the facility:

(b) Depreciated value of facility (facility cost (a)
adjusted for inflation and depreciation):

(c) Explanation of any difference between amount
received from host nation and the depreciated value:

Total payments by host nation:

Total payments by all host nations:

**PART B: PROPOSED REAL PROPERTY MAINTENANCE OR ENVIRONMENTAL RESTORATION/COMPLIANCE PROJECTS AT
MILITARY INSTALLATIONS PROPOSED TO BE FUNDED FROM PROCEEDS:**

<u>State</u>	<u>Installation</u>	<u>Project Title</u>	Cost	
			(Dollars in Thousands) <u>FY CY</u>	<u>FY BY</u>
		(<u>Description/Justification</u>)	\$XX,XXX	\$XX,XXX

Exhibit OP-29 Overseas Military Facility Investment Recovery Account

CHAPTER 9
DEFENSE BUSINESS OPERATIONS FUND
BUSINESS AREA ANALYSIS

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CHAPTER 9

DEFENSE BUSINESS OPERATIONS FUND
BUSINESS AREA ANALYSIS

0901 GENERAL

090101 Purpose

This chapter highlights the policies and justification procedures underlying budget formulation for the Defense Business Operations Fund (DBOF).

090102 Background

A. Revolving funds were established to satisfy recurring Department of Defense requirements using a businesslike buyer-and-seller approach. The generators of requirements justify the need for funds to the Congress, but are not always the organizations that execute the requirement. In some instances, the "customers" or "buyers" contract with DoD "provider" or "seller" organizations that have expertise in the service or product required, and operate under business financial management principles. Unlike profit-oriented commercial businesses, the revolving funds goal is to break even over the long term. Revolving fund selling prices established in the budget are *stabilized* or fixed during execution to protect customers from unforeseen fluctuations that would impact on their ability to execute the programs approved by the Congress.

B. *The basic tenet of the DBOF revolving fund structure is to create a customer-provider relationship between military operating units and support organizations. This relationship is designed to make managers of support organizations funded through DBOF and decision makers at all levels more concerned with the costs of goods and services. Requiring the operating forces to pay for support they receive provides increased assurance that services supplied and paid for are actually needed.*

Prior to the establishment of an activity under DBOF, a charter which sets forth the scope of the business area shall be prepared and signed by the Secretary or Assistant Secretary of the Military Department or by the Director of a Defense Agency, as applicable, and submitted to the Comptroller of the Department of Defense for approval. Four criteria are used in evaluating potential business areas for inclusion into the Fund. The four criteria are:

identification of outputs that relate to products or services *provided by the business to customers*; establishment of a cost accounting system to collect costs of *producing outputs*; identification of customers so that *resources can be aligned with the requirements*; and *evaluation of buyer-seller advantages and disadvantages to include assessment of the customers' ability to influence cost by changing demand.*

C. Revolving funds have been in use by the Military Components for a considerable period of time. Modern day revolving fund authority is provided by the National Security Act of 1947, as amended (Title 10 U.S.C., Section 2208). *The FY 1996 DoD Authorization Act (Public Law 104-106) codified DBOF in Chapter 131 of Title 10, U.S.C.*

D. Revolving fund activities evolved from two distinct categories. Stock Funds dealt with procuring material in volume from commercial sources and holding an inventory. Subsequently, activities sold to the authorized customer who needed the item in order to achieve weapon systems readiness or provide required personnel support items. The second type, Industrial Funds, were used by activities to provide industrial and commercial goods and services such as depot maintenance, transportation, and research and development. Both types of revolving funds were financed primarily by reimbursements from customers' appropriated accounts.

E. The Department of Defense expanded the use of businesslike financial management practices through the establishment of the Defense Business Operations Fund (DBOF) on October 1, 1991. Building on revolving fund principles, cost and performance are linked together and the Fund's managers are expected to operate within cost goals established in operating and capital budgets.

F. The Fund combines existing commercial or business operations that were previously managed as individual revolving funds into a single revolving, or business management, fund. *The Fund Treasury account has five*

subaccounts (one for each Military Department and Defense-wide).

G. Prior to FY 1992, industrially funded activities did not receive funding documents. All funding authority was provided through customer orders. With the implementation of the Fund, annual operating budgets that provide official management cost goals are issued to the Services and Agencies for each business area.

H. For businesses within the Fund, high level unit cost goals and fixed prices make it possible to measure changes in cost based on financial operating results. This cost-oriented approach encourages management to look at all costs, including overhead, in terms of the output of the business and provides visibility of cost drivers.

090103 Policy

These policy statements are provided for budget formulation *and are to be used as the basis for preparing Budget Estimate Submissions (BES).*

A. Cash Management

The cash management policy is to maintain the minimum cash balance necessary to meet both operational requirements and to meet disbursement requirements in support of the capital program. Cash generated from operations is the primary means of maintaining adequate cash levels. The ability to generate cash is dependent on setting rates to recover full costs to include prior year losses; accurately projecting work load; and meeting established operational goals.

The responsibility for DBOF cash management was returned to the Components and Agencies effective February 1, 1995, to provide business area managers additional control of and accountability for their operations, since cash management is an integral part of operational and cost management. Since cash management has been decentralized, there is no longer a requirement for the Defense Finance and Accounting Service (DFAS) to implement automatic advance billing procedures when overall Departmental cash levels fall below \$1 billion, and it has been determined that the cash shortage was not caused by an

anomaly. Volume 11B will be updated to reflect this change in policy.

The major points included in the policy are:

- Effective cash management is directly dependent on the availability of accurate and timely data on cash levels and operational results.

- The present criteria are for cash levels to be maintained at 7 to 10 days of operational cost and cash adequate to meet 4 to 6 months of capital disbursements.

- Cash plans will be developed to facilitate the cash management process. Plans consider collections, disbursements, appropriations, and other cash transactions based on Component estimates. This annual plan will be initially developed during the budget process and will be an integral part of the budget document.

- In addition, a monthly phasing *analysis of collections and disbursements as part of the cash plan* will be required to monitor execution. This monthly execution review will lead to increased management attention in reducing costs, emphasizing timely billing, collecting revenue, and disbursing.

- *The operational control of actions taken by each DBOF activity, which result in cash disbursements and collections, always has and continues to reside with the Components and Agencies. Decentralizing cash management was done to provide the Components' and Agencies' managers additional control of and responsibility for their operations, as cash management is an integral part of operational management. The policy requires that each level of management within the Department participate in the execution of the policy in order to insure results are achieved to improve the management of DBOF cash.*

B. Operating Budget

The operating budget contains the annual operating costs of an activity or Component, including depreciation or amortization expenses. To minimize costs within business areas, all goods and services should be purchased, whenever possible, from the source

that provides them at least cost, unless there are some other considerations such as mobilization or readiness that prohibit this flexibility. Of course, the performance and quality of the source must be considered as well. When comparing costs of organic or commercial sources, both direct and indirect costs are to be included in the evaluation.

1. Depreciation expenses *shall be calculated and accumulated using the straight-line method based on the capitalized amount less residual value, and divided equally among accounting periods during the asset's useful life based on established depreciation schedules.* The depreciation schedules to be used for Fund activities are as follows: for equipment purchases other than ADPE, 10 years; for general purpose vehicles, ADPE, and telecommunications hardware and software, 5 years; and for minor construction, 20 years.

a. *For equipment transferred into a business area that has preexisting depreciation schedules, depreciation will be based on the remaining book value plus any associated costs for transportation, installation, and other related costs necessary to put the asset into operational use.*

b. *For capital assets that are transferred to a business area that have no preexisting depreciation schedules, depreciation will be calculated based on the net value (original acquisition cost less calculated accumulated depreciation) plus any associated costs for transportation, installation, and other related costs necessary to put the asset into operational use*

c. Depreciation of capital equipment will be fully reflected in the operating costs and rates of Fund businesses.

C. Capital Investments

1. With the exception of major construction and items listed in paragraph D.1, acquisition of all capital assets for use by businesses within the Fund are financed through the Fund. The Capital budget shall not be used to establish a new or to expand organic capability except as specifically approved in a capital budget. Capital assets include depreciable property, plant, equipment, and software developed, manufactured, transferred or acquired during a fiscal year for a determinable cost of \$100,000 or

more, effective October 1, 1995, and having a useful life of two years or greater.

2. These assets will be funded through the capital budget and their costs will be depreciated according to established depreciation schedules. Fund resources necessary for capital assets shall be derived primarily from depreciation of existing Fund assets. The estimated depreciation expense shall be included in stabilized rates and prices billed to Fund customers. A capital purchase *positive or negative* surcharge, if required, shall also be included to fund the increment, if any, in excess of, or less than, depreciation when necessary to fund the approved capital investment.

3. Purchase and installation costs for the initial procurement of any and all depot maintenance capital equipment unique to newly introduced platforms or weapon systems will continue to be funded in the appropriate procurement account. Once transferred to or otherwise capitalized by the depot, the capital equipment becomes the property of the depot. The depot will treat the equipment as a capital asset, depreciate the equipment, and fund subsequent replacement and maintenance of the equipment in its capital and operating budgets in the Fund.

4. The term "software" includes both operating software and application software. As defined in OMB Circular A-11, software includes systems programs, application programs, commercial-off-the-shelf (COTS) software, independent subroutines, data bases, and software documentation. Software that is integrated into hardware, and is necessary to operate the hardware, rather than to perform an application, should be budgeted with, and capitalized as part of the hardware. Systems application software, however, should be budgeted separately either as an expense or as a capital investment depending on whether it meets the criteria for a capital asset. Systems application software may be acquired through (1) the purchase of COTS system; (2) the development of new applications through either in-house or contractual effort; or (3) the modernization of existing software that expands and/or enhances its existing capabilities.

a. *Software development/modernization will be budgeted by project.*

The full scope of a software development project may consist of efforts in any or all of the following four phases: (1) planning and system design, (2) management and technical support during development, (3) system development including software modification and conversion, and (4) deployment, including environmental and operational test and installation. The inclusion of these phases and related cost elements will ensure that software development budgets are properly prepared. Technical and maintenance software support occurring after system installation are treated in DBOF as operational expenses. (Refer to the instructions for the Fund-9a exhibit of the Capital Investment Summary, paragraph C, Software Development/Modernization, of this chapter for those detailed costs to be captured in software development budgets).

b. Software amounts included in DBOF capital budget submissions should include those software development or acquisition efforts for the benefit of the DBOF activity, and exclude software developed or acquired for a specific customer order. (Software developed or acquired for a specific customer order should be charged to and reimbursed by the requesting customer.) Types of cost to be included in a software development project include total labor and nonlabor costs such as: (1) all direct costs for civilian and military personnel; (2) contractor labor; (3) supplies; (4) travel; (5) processing support for testing; (6) indirect costs; and (7) general and administrative costs (e.g., base operations support, higher headquarters, and depreciation for central design activity-owned assets). Exclude from the capital budget all costs incurred prior to Milestone 0, Concept Exploration and Definition. Costs such as basic research, study, exploratory development establishing feasibility and practicality of proposed solutions, rough order of magnitude estimates, etc., are treated in DBOF as operational expenses.

c. Software projects may be accomplished by modules. A module is an application that may be operated or used independent of other modules within a system. Where an entire system consists of more than one severable module, the request for capital budget authority (Fund-9b) for each deliverable module should be requested in the budget year the module is started, and should be funded in an amount sufficient to finance the specific module to its completion. However, budget justification material for development of DBOF capital investment projects

involving software must disclose the total estimated costs of all software development efforts associated with the applicable system with which the software is to be utilized, including the cost of software development efforts of other modules funded separately from the specific DBOF capital investment project being justified.

d. While the costs of acquiring ADP equipment should be excluded from the cost of software development projects, such costs also should be disclosed in the DBOF capital investment budget justification material for the software development project.

e. Budget submission and justification should be documented on Exhibit Fund-9a, 9b, and 9c. Exhibit Fund -9a, "Capital Investment Summary," represents the summary data of all software deliverables requested for a system. Exhibit Fund-9b, "Capital Investment Justification," provides detailed cost data and narrative justification for each module of a system. Exhibit Fund-9a and Fund-9b data should agree with, and also may be used for cross referencing, Exhibit 43-IT2 of the Information Technology budget. Exhibit Fund-9c, "Capital Investment and Financing Summary," outlines authority obligations, outlays, unobligated balances, and unexpended obligations by fiscal year.

f. The following shows, as an example, severable deliverable modules of a fictitious financial management system:

- XYZ FINANCIAL MANAGEMENT SYSTEM SOFTWARE MODULES

SOFTWARE DEVELOPMENT, MODIFICATION, OR CONVERSION PHASE

Deliverables

- a. Cash Management Module
- b. Property Control
- c. Inventory Control
- d. Receivables
- e. Payables
- f. Cost Accounting
- g. Reporting

g. Software development and modernization costs incurred by Fund

activities for projects installed and operational after October 1 of a specific fiscal year will be depreciated beginning in the month the project is installed and operational (even though it may not be used in operations that month). Incremental deliveries of these projects will be depreciated if the cost of the delivery exceeds \$100,000.

5. Facility investment of \$100,000 or more but less than \$300,000 for a new or replacement facility, or for changes in the function of a facility, will be funded through the minor construction line of the capital budget and depreciated.

6. Each proposed acquisition of a capital asset shall be reviewed to ensure that it satisfies *all* of the following criteria:

a. It is *more* economically feasible to purchase rather than to lease the *capital asset*. While leasing is not a part of the Capital Purchases Program, it may be appropriate for areas of fast changing technology or when work loads are expected to cease before the end of the program or payback period. Leasing also may be used as a means of obtaining near-term benefits from productivity improvement opportunities until sufficient data to verify the benefits of procurement can be developed.

b. The acquisition of a capital asset meets the Department's long-range planning and programming objectives and results in satisfying a documented need for capability to perform valid operations, functions, or services that cannot be performed as effectively or economically by the use of existing equipment and facilities or by contract.

c. The acquisition of a capital asset complies with policies and regulations governing the acquisition and management of facilities, special tooling, and special test equipment as established by DoD Directive 4275.5, "Acquisition and Management of Industrial Resources" as well as other applicable policies and regulations governing the lease and acquisition of equipment and facilities.

7. Work load projections used to justify capital purchases must take into account the results of interservice decisions, work load

posture planning decisions, readily available commercial alternatives, and other reasonable options available for accomplishing applicable work load.

8. Capital assets recommended for acquisition shall be those deemed to most efficiently and effectively accomplish the objective for which they are justified. The criteria are: improved efficiency (savings) or effectiveness; required new capability and capacity that cannot be met with current equipment and facilities; replacement of unsafe (locally determined), beyond economical repair, or inoperative and unusable assets; and environmental, hazardous waste reduction, or regulatory agency (state, local, or Federal) mandated requirements.

9. A *formal* preinvestment analysis or a *cost comparison* is required to *justify investment projects for Capital Budget submissions in the four Capital budget investment categories*. In addition to budget formulation, *either an economic analysis or cost comparison shall be used to support a project substitution or to accomplish a reprogramming request*. This preinvestment analysis must be completed prior to inclusion of the capital asset in the capital budget submission, accomplishment of a reprogramming action, or a project substitution. The scope of analysis shall be tailored depending on the dollar value of the project. These analyses shall be maintained by the originating office of the DoD Component as projects documentation support for the Capital Budget submission as well as program execution.

a. The four capital budget investment categories are: automated data processing (ADP) and telecommunications equipment; non-ADP equipment; minor construction (less than \$300,000); and software development.

b. Capital budget projects in the four investment categories shall also identify one of the following primary reasons for justifying the investment: replacement; productivity; new mission; or environmental.

c. There are two exceptions that may apply in lieu of performing a preinvestment analysis. In both instances, an exception justification statement shall be prepared documenting the requirement or authority for the exemption claimed.

Exemption statements shall be validated as would a preinvestment analysis and approved through DoD Component review channels.

(1) Environmental, hazardous waste reduction, or regulatory agency (state, local, or Federal) mandated requirements including directed action by higher DoD or Component authority which precludes choice among alternatives.

(2) DoD instruction or directive waive the requirement (e.g., equipment age or condition replacement criteria).

d. A cost comparison shall be prepared for investment projects under \$100,000. The cost comparison initially shall be prepared in constant base year dollars and shall present a differential cost display by year for up to a six-year evaluation period beginning with the budget year for which investment funds are requested.

- Documentation for a cost comparison shall describe the functional process performed; define the need/requirement/objective; identify work load projections; address feasible alternatives; present total costs attributed to each alternative and the differential costs/monetary benefits expected in constant and current dollars over the six-year evaluation period; and provide significant assumptions, constraints, estimating methods, and rational and data sources.

- Payback shall be the primary economic indicator used for cost comparisons to rank order projects up to \$100,000 within the investment categories of each business area.

e. An economic analysis shall be prepared to justify capital investment projects of \$100,000 or more. The economic analysis shall be prepared on a net present value (NPV) basis and shall comply with applicable DoD or Component guidance as well as functional program guidance. The economic analysis initially shall be prepared in constant base year dollars and shall present a differential cost display by year over the project's expected economic life beginning with the budget year for which investment funds are requested.

- Documentation shall describe the functional process performed; define the

need/requirement/objective; present and explain work load projections; identify feasible alternatives; present total costs and the differential costs/monetary benefits in constant, discounted, and current dollars over the expected economic life of the project; present estimating methods/relationships, and data sources; identify significant constraints, assumptions, and variables; treat sensitivity and uncertainty of key parameters; and address all other quantifiable benefits as well as any intangible benefits influencing the recommended course of action.

- Quantifiable benefits are all outputs/results achieved in return for investment dollars associated with an alternative.

- Benefit to Investment Ratio (BIR) shall be the primary economic indicator used to rank order projects of \$100,000 or more within the investment categories of each business area.

- Automated economic analysis programs and reports may be used if the programs provide comparable information to that of standard economic analysis reports.

10. Annually, each military activity within the DBOF shall prepare post-investment analyses for ten percent of the number of capital investment projects, but not less than five projects, that were completed during the previous fiscal year and had been justified wholly or partially on the basis of economic considerations (e.g., productivity improvements). The projects selected for post-investment analyses shall be a representative sample of the completed investment projects. The format and technique for each post-investment analysis shall be similar to the cost comparison or economic analysis used for the project justification. The post-investment analyses shall be retained for ready review for five years.

11. The total annual capital budget approved, implicitly or explicitly, for each Component by the Congress during review of the Fund may only be exceeded to the extent that projects which were included in the operating budget based on approved expense/investment criteria must be executed as capital budget items due to revised cost estimates. Transfer of projects from the operating budget to the capital budget reduces the amount earned in the operating budget. Exceeding the total capital budget (the

total includes amounts reprogrammed) is an Anti-Deficiency Act violation.

Each Component may reprogram capital funds between business areas; however, the maximum annual increase in any one business area must be less than \$10 million for each *capital investment category* approved in the President's budget; i.e., ADP equipment and telecommunications, non-ADP equipment, minor construction, and software development. Reprogramming into a business area capital budget from the operating budget does not count against the \$10 million threshold.

Only those capital asset projects that have been included in a President's budget for the DoD Component may be financed through the Capital Investment Program except that, in the year of execution, substitutions may be made for projects when delays are incurred in placing the approved projects on contract or when operational necessity warrants. *The following approval levels and dollar threshold apply to changes to projects approved in the capital budget section of the AOB including reprogrammings, substitutions, cancellations and additions:*

(1) *All adjustments or changes to capital projects that are equal to, or greater than \$500,000 shall be approved by the OUSD(C).*

(2) *All adjustments or changes between categories of capital projects (i.e., minor construction, equipment, ADP equipment and telecommunications, non-ADP equipment and software development) or business areas that increase a category or a business area by a cumulative amount equal to, or greater than \$500,000 within a program year shall be approved by the OUSD(C).*

If either of these thresholds are breached, then substitutions must be approved by the DoD Comptroller prior to their initiation. Subdividing of projects is not allowed.

D. Exclusions From the Capital Purchases Program

The following are mandatory exclusions from the Fund capital purchases program and must be financed directly from appropriated funds:

1. Major Range and Test Facility Activities Items (equipment and minor construction) that meet the DoD investment capitalization criteria for use by major ranges and test facility bases operating within the Fund.

2. *Military and tenant support functions.*

3. Aircraft, ships, barges, and general-purpose passenger-type vehicles.

4. Equipment and minor constructions projects purchased to meet mobilization requirements, but not used during peacetime operations.

5. Equipment initially procured and usually furnished as part of a weapon system and/or support system to include initial common support equipment for depot maintenance support of new weapon systems.

6. Equipment normally funded by appropriated funds and provided to contractors as Government-furnished equipment to be incorporated into, used in conjunction with, or consumed in the production of, an end product. (Such equipment should be funded by appropriated funds and provided to the applicable DBOF activity at no cost to the DBOF activity.)

7. Minor construction projects for a non-DBOF activity or military support function.

8. Construction and facility investment projects that exceed the amount specified in 10 U.S.C. 2805 for funding from accounts available for operations and therefore must be funded by the Military Construction appropriation.

9. Environmental projects financed or submitted for funding by the Defense Environmental Restoration Account.

10. Capital investments for morale, welfare and recreation activities.

11. Such other exclusions as may be approved by the USD (C).

E. Construction

1. Minor construction projects of \$300,000 or more shall be funded within the Military Construction appropriation.

2. Effective in FY 1996, 10 U.S.C. 2805(c)(1) was amended to increase the threshold for unspecified military construction projects funded by the Fund and intended solely to correct a deficiency that is life-threatening, health-threatening, or safety-threatening from \$300,000 to \$1,000,000. However, projects costing \$500,000 or more must still be approved by the USD (C) and identified on the AOB prior to execution to avoid an Anti-Deficiency Act violation. Reprogramming thresholds identified in paragraph 090103.C.11 still apply.

3. Effective in FY 1996, 10 U.S.C. 2805(c)(1)(B) was amended to increase the threshold for minor construction projects from \$300,000 to \$1,000,000 for activities designated under the DoD Laboratory Demonstration Program. Fund activities designated to participate in the DoD Laboratory Revitalization Demonstration Program must still obtain prior USD(C) for projects costing over \$500,000 and have it separately identified on the AOB prior to execution of the project to avoid an Anti-Deficiency Act violation. Reprogramming thresholds for the capital asset program identified in paragraph 090103.C.11 still apply. The authority for the Laboratory Revitalization Demonstration Program expires on September 30, 1998.

4. Project planning and design costs are considered a capital investment cost that is capitalized by the DBOF activity and financed in the minor construction portion of the capital budget. Planning and design costs are not included as part of the statutory threshold for minor construction projects. The amount of planning and design funds should be separately identified from individual projects in the Budget Estimates Submission.

F. Mobilization/Surge Costs and War Reserve Material

Mobilization capability costs include the costs to maintain a surge capacity, to procure and maintain approved war reserve material levels, and/or to maintain other assets, functions, or capabilities required to meet an operational contingency as documented in Defense Planning guidance or operational plans.

All costs at businesses within the Fund related to maintaining a capacity to meet mobilization requirements will be reimbursed by funds that are from direct appropriations and will not be financed through customer rates.

1. War Reserve Material. Initial procurement of war reserve material will be funded by a direct appropriation to the Fund. Such appropriated amounts for secondary items shall be reflected as a separate goal within the applicable Supply Management or Commissary Resale business area AOB.

2. Unutilized and Underutilized Plant Equipment.

- Unutilized capacity that is, or is expected to be, unutilized during the fiscal year and that is associated with the ability to satisfy a projected surge capability is considered a mobilization requirement that is to be funded by appropriated funds provided by the DoD Component having management responsibility for the Fund activity. Costs applicable to unutilized plant and equipment, such as depreciation or maintenance, are not to be charged to the customers of the Fund activity. Unutilized capacity associated with the ability to provide capability in excess of any known or projected requirement is not a mobilization requirement.

- The costs associated with maintaining underutilized plant and equipment is not considered a mobilization requirement and as such, is to be included in the Fund activity's stabilized rate and charged to its customers.

G. Military Personnel

1. Since the majority of military personnel at DBOF activities are there for reasons other than DBOF business requirements (e.g., mobilization, rotational training, command opportunities), the full cost of military personnel should not be included in the DBOF cost of operations or customer rates. Instead, for development of customer rates, a civilian equivalent rate, provided by the USD (C), will be used to price military personnel at DBOF activities during budget formulation. The difference between the civilian equivalent costs, included in the DBOF budget, and the actual military personnel cost will be budgeted directly in the appropriate military personnel appropriation.

The number of military included in the budget will be the number of military workyears assigned to the DBOF business.

2. *The amount expensed for military personnel by DBOF activities and the amount reimbursed to the appropriate military personnel appropriation will be the same as the amount budgeted. No adjustments will be made to the DBOF cost of operations to reflect the actual cost of military personnel employed by DBOF activities. Military Departments having military personnel assigned to other Components will provide to each Component the number of workyears that should be included in the DBOF budget submission.*

3. The civilian equivalent costs are provided by the DoD Comptroller and are calculated as follows: (a) The current General Schedule of civilian pay rates, step 5 or Executive Service pay rates of the equivalent grade are used. (b) The amount in (a) should be multiplied by any proposed pay raise effective in future periods that may impact the level and cost for negotiated military support. (c) The amount calculated in (b) is to be multiplied by the civilian personnel fringe benefits factor applicable to the Military Service or Defense Business Operations Fund to arrive at the total civilian cost. The 14.7 percent for unfunded civilian retirement is not to be included in the calculation. (d) Civilian personnel fringe benefit rates and military composite rates are provided by the DoD Comptroller.

4. *See Volume 2A, paragraph 010217 for military personnel pricing policy.*

H. Full Recovery of Costs and the Setting of Prices

1. Managers of business areas within the Fund are required to set their prices based upon full cost recovery, including all general and administrative support provided by others. Prices are established through the budget process and remain fixed during the year of execution. This stabilized rate policy serves to protect customers from unforeseen inflationary increases and other cost uncertainties and better assures customers that they will not have to reduce programs to pay for potentially higher-than-anticipated prices. In turn, this policy allows activities to execute the budgeted program level

and permits a more effective use of Fund resources.

2. Prices for the budget year will be set to recover costs over the long run. This means that prices will be set to achieve an Accumulated Operating Result in the budget year of zero. During budget execution, business areas will record either a positive or negative Net Operating Result. Accordingly, prices in the budget year will be set to either make up actual or projected losses or to return actual or projected gains in the budget year(s).

3. Non-Organic Contract Costs

As stated above, DBOF policy requires that Components budget for total costs incurred for business areas. Thus, Components will include in prices contract costs for effort funded at a DBOF business area by the customer but performed by contractor (non-organic effort) in the total cost of that DBOF business area. In addition, the budget estimate will recover all costs associated with contract award and administration through prices charged to the customer.

4. Unbillable Expenses and Operational Losses.

Expenses that cannot be billed to an identifiable customer or that were generated from unforeseen cost overruns are to be treated as expenses in the fiscal year in which the costs were incurred. The operating losses accruing, therefore, will be included in calculating net operating results.

5. The prices set for all business areas processes will match the rate changes approved during the budget review.

I. Base Realignment and Closure (BRAC)

1. BRAC Costs - Costs incurred in implementing the recommendations of the Base Realignment and Closure (BRAC) Commissions will be funded by the appropriate BRAC account and are not to be included in the rates and costs of businesses within the Fund. *Prior year, current year, or budget year operating losses in DBOF are not to be budgeted in the base closure accounts. Costs*

attributable to base closure actions at DBOF activities to be budgeted in BRAC may include:

- BRAC directed reductions-in-force, separation incentives, plant closures, plant layaway or custody costs or other BRAC related expenses, such as all costs not associated with a valid work order during the year of closure.

- Environmental Restoration and Mitigation. This includes reducing, removing, and recycling hazardous waste, and removing unsafe building debris.

- Planning. Conduct of such advance planning and design as may be required to transfer from an activity being closed to another military installation.

- Outplacement Assistant. Assistance in relocation, training, or other necessary assistance to civilian employees employed by the Department at installations being closed.

- Community Programs. This includes economic adjustment assistance to a community in which the closed base is located, or community planning assistance to the community to which functions will be transferred as a result of closure of a military installation.

2. BRAC and DBOF Rates -

Overhead, not specific to BRAC and not in support of producing goods or services for customers, will be financed in the year the costs are incurred with the Components' Operation and Maintenance (O&M) appropriations. DBOF losses occurring in years prior to closure will be recovered through the rate structure to the extent that there are new customer orders. When there are no new customer orders in the budget year, all overhead not included in rates supported by ongoing work or prior year losses to be recovered in the budget year must be financed as a pass through to the DBOF from the O&M appropriations of the Military Department or Component responsible for the activity incurring the loss. All costs at a closing activity in the year of closure that are not associated with a valid work order or are not valid BRAC costs are O&M costs and must be budgeted in the fiscal year when they will be incurred. BRAC costs are defined in the paragraph above.

J. Funding of Civilian Voluntary Separation Incentive Program.

The Fund will finance and include costs in stabilized rates for civilian separation incentive requirements of assigned employees unless they must be offered as a result of directed base realignment and closure action. If the offering is a result of a base realignment and closure action then the appropriate Base Realignment and Closure Account will fund the civilian separation incentive.

K. Base Support

DBOF activities that use any of the services as listed in Exhibit Fund-22 must reimburse host activities in accordance with DoDI 4000.19 (Interservice and Intragovernmental Support) to the extent that the specified support for the DBOF activity increases the host activity's direct costs. Costs for DBOF mission products and services (e.g., depot supply, depot maintenance, Public Works Center services, information processing, communications, and software development) shall be based on the approved stabilized rate. Other support incidental to the DBOF activity's primary mission or purpose shall be budgeted based on direct costs measurable and directly attributable to the DBOF activity (incremental direct cost). Only the incremental change in cost attributable to the DBOF activity (incremental direct cost) shall be chargeable to the DBOF activity. Indirect costs are not to be included as a cost to the DBOF activity. The cost of operations budgeted for these services either as a host or tenant activity should be noted by business area in Exhibit Fund-22 (Summary of Base Support) that is provided to OSD/OMB with the fall budget submission.

L. First Line Supervision

First line supervision is that level immediately over nonsupervisory workers. First line supervisors and above are official supervisory positions and, when acting in a supervisory capacity, their labor costs shall always be budgeted and charged as an indirect cost of the cost center supervised. Crew chiefs, snappers, team leaders, and other subordinate job leaders are not considered first line supervisors. Volume 11B, Chapter 63, paragraph K contains additional information related to charging labor costs.

M. DBOF Management Headquarters Costs

A DBOF management headquarters is a discrete organization or part of an organization that has authority over the management of the DBOF business area. OSD and Service Departmental activities normally do not have this direct responsibility. All the major systems/logistics organizations in the Services include headquarters elements directly supporting DBOF activities that should be funded or reimbursed by DBOF business areas.

Costs for discrete DBOF management headquarters organizations and parts of organizations that perform direct DBOF management headquarters functions should be directly funded by DBOF, if feasible, or reimbursed by DBOF. Only significant costs (exceeding 1 percent of the total business area costs, or if less than 1 percent, costs that exceed \$1 million) should be reimbursed. In addition, significant costs for common support functions (e.g., counsel, personnel, etc.) at organizations partially funded or reimbursed by DBOF (i.e., that have direct DBOF management responsibilities) should also be allocated, if feasible.

N. Dual Funded Organizations

A dual funded organization is an organization that is funded (including reimbursable funding) by both the DBOF and other appropriations or accounts. In those instances where a function is funded with a combination of both DBOF and appropriated funds, the function initially will be funded in its entirety either by the DBOF or by appropriated funds. The determination of whether the particular function initially is to be funded by the DBOF or by appropriated funds will be based on the predominance of definable units of measure for the function--e.g., work load, productive hours, outputs, or ultimate use. The part of the organization (or funding source provided) initially funding the function shall be reimbursed for appropriate amounts by other parts of the organization (or financing sources or customers) involved. Reimbursement (and the allocation of costs) between the provider and customer shall be made based on the same unit of measure--e.g., work load, productive hours, outputs, or ultimate use--as was used to determine which organization (or funding source) initially funded the applicable costs; and the amount of reimbursement shall be determined based on the relative portion of that unit of measure attributable to each part of the organization (or funding source) involved.

Notwithstanding this policy, the amount of reimbursement for base support services provided by the DBOF to tenant activities shall be determined in accordance with the policies in paragraph 090103.K and DoDI 4000.19.

For example, if the part of an organization that is within the DBOF account for 60 percent of the unit of measure for a function shared with the part of the organization funded through appropriated funds, then the DBOF portion of the organization initially would fund all of the costs of performing that function. However, the applicable part of the organization funded through appropriated funds would reimburse the DBOF for (and be allocated) 40 percent of the costs.

When a capital asset purchased by the DBOF is also used by the appropriated fund part of the organization, the Fund activity will capitalize the capital asset and bill the appropriated fund customer for the use of the capital asset. Such billings will utilize a stabilized rate that recoups both depreciation and operating costs.

When a capital asset purchased by an appropriated fund part of the organization is also used by the DBOF part of the organization, the appropriated fund side will capitalize the asset and bill the DBOF for operating costs only. (Appropriated fund activities do not bill DoD activities for depreciation of capital assets.)

O. Revenue Recognition

Revenue and associated costs must be recognized in the same accounting period. Revenue must be recognized in the same manner (that is, a standard policy for recognizing and reporting revenue must apply) for all activities within a DBOF business area. The amount of revenue recognized cannot exceed the amount specified in the order. The policy varies based on the type of customer order, the length of time necessary to complete the order, and the value of the order. There are two types of customer orders: (1) end-product (end-item) type orders which, at the completion of the customer order, produce a usable end-product (an overhaul, repair, manufacture, construction, modification, etc.); and (2) service type orders which provide a service over a specified period of time.

It is important that current period net income/loss include revenues earned and costs incurred in the same periods in order for the business area manager to better evaluate the performance of an organization for the period(s) in which the work is performed. The revenue recognition policy does not encompass or establish policies for billings to customers or payments from customers.

DoD Financial Management Regulation (DoD 7000-14R), Volume 11B, Chapter 61 provides specific revenue recognition guidance by DBOF business area.

P. Customer Mandated Schedule

When a job order is canceled or reduced in scope after a DBOF activity has commenced work or incurred costs on the order, the costs incurred, plus the applied overhead (that is indirect and other normally allocated overhead (G&A) costs), plus costs associated with the cancellation or reduction shall be charged to the customer.

DoD 7000-14R, Chapter 1, paragraph 010222, provides specific guidance for the types of directly associated cancellation or reduction costs that can be charged to customers.

Q. Extraordinary Write-offs.

Extraordinary write-offs of losses, chargeable against AOR in accordance with accounting policies, shall not be recovered through increases in customer rates in the following circumstances: losses resulting from the disposal or divestiture of capital budget items that have not been fully depreciated at the time they are taken out of service due to BRAC action; gains from customer returns without credit; or losses associated with systematic inventory reductions by disposal of assets associated with force draw downs. All such extraordinary write-offs will be separately identified in the Component's budget submission using either Form SM-5B or Fund-7B and will include an attached explanation which cites the fiscal year, the action which precipitated the divestiture action, the basis of the proposed write-off, and the dollar value.

R. Funding policies reflecting relationships with, and requirements of, other appropriations are provided in Chapter 1, Section 0102.

090104 Rate Setting in the Business Areas

A. In accordance with paragraph 090103, stabilized rates reflecting full costing will be set during the budget process for all business areas. The Fund includes a variety of business areas that are categorized in two groups for rate setting purposes.

1. Supply Management Business Areas. Utilize commodity costs in conjunction with a surcharge to establish customer rates (see paragraph 090203 Supply Management).

2. Non-Supply Management Business Areas: Depot Maintenance, Research and Development, Transportation, Distribution Depots, Base Support, and all other business areas have unit cost rates established based on identified output measures or representative outputs. These output measures establish fully cost burdened rates per output, such as a cost per direct labor hour, cost per product, cost per item received, cost per item shipped, etc. These business areas establish both their output rates and the stabilized customer rates through the same general process. An example of this process is described below, and a more detailed explanation is provided in paragraph 090204.

B. Definitions and Procedures

1. Stabilized Rate. The stabilized rate is the cost per direct labor hour (or other output measure) customers are charged for the products and services provided by the depot or business area. A stabilized rate is established for the fiscal year(s) budget being formulated during the budget review process. The stabilized rate is determined by taking the approved Direct Labor Hour rate (or other cost per output measure) for the budget year and adjusting it for both inter-Fund transactions (adjustments to reflect changes in the costs of purchases between business areas within the Fund), and for the impact of prior year gains or losses as reflected by the AOR. This annual stabilized rate is the rate that will be charged for all new customer orders received and accepted during that specific fiscal year, regardless of the fiscal year the work is actually executed and billed. In Supply Management, customers are charged the stabilized price in effect when the item is dropped from inventory.

2. Rate Change. The annually published rate change for business areas is the percentage change of the stabilized rate or price between fiscal years. As an example, for depot maintenance, the budget year rate is determined by dividing the approved Direct Labor Hour rate proposed for the budget year by the stabilized Direct Labor Hour rate in effect for the current execution year. That value, expressed as a percentage (plus or minus from a base of one), is the composite price change rate customers will use in their appropriated funds submissions.

C. Budgeted Rates. DoD(C) will review and approve all final rates and prices developed for the President's budget submission during the Budget Review. Rates to be charged customers will be developed by the Components in their budget estimate submission to recoup all costs associated with the Business Area operating and capital budgets including all labor and nonlabor, direct, indirect, and general and administrative overhead costs. Following the determination of required costs and proposed rate structures necessary to recover the full costs of executing the Components' planned support program, Components will make corresponding adjustments in appropriated customer account budget requests to ensure the customer and Fund business budgets are in balance.

D. Budget Formulation Rates and Prices. Rates will be established in a multiple step process as described below:

1. Each Service or DoD Component managing a business area should carefully review all projected costs for all operations projected for the fiscal year, and propose the most cost-efficient operation possible.

2. Customer requirements must be projected to include all anticipated work load programmed for accomplishment during the budget year based on identified outputs such as direct labor hours by product, tons shipped, line items received, and all other approved output measures for each business area.

3. Adjustments required to conform to OSD and OMB guidance on the impact of inflation, projected pay changes, and other programmatic and policy changes will also be

included by Components in developing proposed rates.

4. DoD Components will propose costs, program levels, and rate changes by business area in their budget estimate submissions.

5. Final approved costs, program levels, and rate changes will be established by Program Budget Decision documents, after adjustments required to balance changes to the customer account program levels with anticipated Fund costs, inter-Fund sales and transactions, and adjustments for NOR in order to bring Accumulated Operating Result to zero for the Budget Year for each business area.

090105 Preparation of Materials

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 9 provides additional specific guidance with regard to the back-up material required for the Fund and other unit cost budget areas.

090106 References

Chapter 1 provides funding policies to be adhered to include those that impact other appropriations and accounts. Chapter 2 provides guidance related to Military Personnel costs. Chapter 3 provides guidance related to Operation and Maintenance costs and Chapter 8 provides guidance related to Real Property Maintenance and Minor Construction.

0902 BUDGET FORMULATION

090201 Purpose

This section provides guidance for preparation and submission of fall budget and execution review estimates for the Defense Business Operations Fund (DBOF)

090202 General

A. Copies. Number of copies of the required materials to be submitted with the annual budget estimates are identified in Chapter 1. Four (4) copies of relevant materials will be submitted with the execution review when a separate review is required. An execution review will be conducted when approved by DoD(C).

B. Classification. The DBOF justification books prepared by the Components are to be unclassified. Any classified exhibits will be submitted under separate cover.

C. Formats. Exhibits will be submitted on 8-1/2 x 11 inch paper, with 3 holes punched along the 11-inch side. Minor variations in format to facilitate automation must be approved by DoD Comptroller prior to September 1. Provide written request for variations to the Director for Revolving Funds no later than August 1. The response to the request will be forthcoming within 10 working days.

D. Automated Requirements. Consistent with the guidance contained in paragraph 010505, the DBOF budget estimates will be entered into the Budget Review System (BRS). BRS entries are in obligations.

1. DBOF Operating Budgets will be entered into the BRS as new obligations. However, the hard copy submission should reflect costs with a correlation provided of the relationship between obligations and cost.

2. DBOF Capital Budgets will be entered into the BRS as obligations regardless of program year. Do not enter into the BRS the program year totals. However, the hard copy submission should reflect the full costs of the project or item with Exhibit Fund-9c providing the correlation between the program and obligations.

3. Enter estimates of civilian *full-time equivalents (FTEs)* for civilian personnel data and military end strength for military personnel data.

4. During the budget review, the alternative estimate contained within Program Budget Decisions will be expressed as obligations, FTEs for civilian personnel, and end strength for military personnel, and will adjust the BRS. Program Budget Decisions will also, based on the proper correlation provided by the Components, contain compatible cost adjustment summaries to be used for rate and price adjustments and for adjusting financial statements used for budget justification.

090203 Supply Management Business Areas

A. The methodology formerly contained in DoD Instruction 4140.24, "Requirements Priority and Asset Application for Secondary Items," will be used to develop budgetary requirements until updated. Stratification products will be submitted on a routine basis. A copy of the transition from the stratification to the budget will be provided for each wholesale division.

B. The following statements/tables/exhibits are prescribed for the supply management business areas of the Fund.

		OSD/OMB Budget	Backup to Pres Budget	President's Budget	Execution Review
SM-1	Supply Management Summary by Division	yes	yes	yes	yes
SM-2	General Narrative Justification by Division	yes	no	no	yes
SM-3a	Operating Budget	yes	no	no	no
SM-3b	Operating Requirement by Weapon System by Division	yes	yes	yes	no
SM-3c	Mobilization by Division	yes	no	no	no
SM-4	Inventory Status	yes	yes	yes	no
SM-5a	Surcharge Computation	yes	no	no	no
SM-5b	Customer Price Change	yes	yes	yes	no
SM-8	Collections/Disbursements	yes	yes	no	no
SM-10	Commodity Summary	yes	no	no	no
SM-16	Total Cost Per Out Summary	yes	no	no	no
Fund-1	Summary of Price, Program, & Other Changes	yes	yes	no	no
Fund-1a	Details of Price, Program, & Other Changes	yes	no	no	no
Fund-9a	Capital Investment Summary	yes	no	yes	no
Fund-9b	Capital Investment Justification	yes	no	yes	no
Fund-9c	Capital Investment & Financing Summary	yes	yes	no	no
Fund-9d	Capital Budget Execution	yes	no	yes	no
Fund-11	Source of Revenue	yes	no	yes	no
Fund-12	Performance & Quality Measures	yes	yes	no	no

		OSD/OMB Budget	Backup to Pres Budget	President's Budget	Execution Review
Fund-13	Cash Management Plan	yes	<i>yes</i>	no	no
Fund-14	Revenue and Expenses	yes	<i>no</i>	yes	no
Fund-15	Fuel Data	yes	yes	yes	no
Fund-19	Military & Civilian Personnel by End Strength & FTEs	yes	no	no	no
Fund-20	Military Personnel End Strength	yes	no	no	no
Fund-21	Civilian Personnel Costs by Business Area	yes	<i>yes</i>	no	no
Fund-22	Summary of Base Support	yes	no	no	no
Fund-23	Statement of Financial Condition	yes	<i>no</i>	<i>no</i>	no
Fund-25	Headquarters Cost	yes	no	no	no
<i>Fund-26</i>	<i>Revenue and Expense Phasing Plan</i>	<i>yes</i>	<i>yes</i>	<i>no</i>	<i>no</i>
<i>Fund-27</i>	<i>DFAS Customer Funding Summary</i>	<i>yes</i>	<i>no</i>	<i>no</i>	<i>no</i>
<i>Fund-28</i>	<i>Execution Performance Monthly Analysis</i>	<i>no</i>	<i>no</i>	<i>no</i>	<i>yes</i>
<i>Fund-29</i>	<i>Civilian Personnel Execution Performance Quarterly Analysis</i>	<i>no</i>	<i>no</i>	<i>no</i>	<i>yes</i>
OP-32	Operation & Maintenance Budget Activity (Part of the O&M submission, Chapter 3)	yes	no	no	no
R-32	RDT&E Appropriation Budget Budget Activity (Part of the RDT&E submission, Chapter 5)	yes	no	no	no
P-32	Procurement Appropriation Budget Activity (Part of the Procurement submission, Chapter 4)	yes	no	no	no

C. Definition of Terms Used in Supply Management Business Areas

Acquisition Lead Time. The interval in months between the initiation of procurement action and the receipt into the supply system of the production model (excludes prototypes) purchased as the result of such actions. Acquisition Lead Time is composed of two elements, production lead time and administrative lead time.

Administrative Leadtime. That portion of the procurement leadtime that begins with the identification of the need to buy and the awarding of the contract.

Allocation. Under the appropriations act, direct funds are now appropriated to the DBOF; therefore, obligations may be made against DBOF to procure war reserve material inventory. Obligation authority for Mobilization purposes should be separately identified in annual funding documents. Obligations shall be separately accounted for and reported as mobilization and operating.

Beginning of Period (BOP, BP). The start of a specified fiscal year normally on October 1 used to determine the opening "snapshot" status of resources.

Capitalized Inventory. On-hand and on-order inventories of supplies funded by other appropriations and funds are considered as contributed capital as of the date when management responsibility for the items is undertaken.

Capitalization. The process whereby the Fund assumes management responsibility and ownership without reimbursement for inventories financed from other DoD appropriations or funds.

Commitment. A firm administrative reservation of funds, based upon firm procurement directives, orders, requisitions, authorizations to issue travel orders, or requests which authorize the recipient to create obligations without further recourse to the official responsible for certifying the availability of funds. The recording of a commitment reserves funds for future obligations.

Contingency Retention Stock. That portion of the quantity of an item excess to the Approved Acquisition Objective and for which there is no predictable demand or quantifiable requirement and which normally would be allocated as potential reutilization stock, except for a determination that the quantity will be retained for possible contingencies.

Cost of Goods Sold (COGS). COGS represents the average acquisition price of the items sold. Although the exact calculation can be accomplished in several ways, it is obtained for each NSN by spreading the amount of the investment made to acquire the inventory over the number of items in the inventory, times the number of the items sold. This matches the sales revenue in one period with the transactions affecting costs, which may have occurred in several previous periods. COGS is not affected by surcharge rates, obligations for replenishment, or net outlays. COGS is the essential baseline to obtain operating results and establishing prices.

Decapitalization. The transfer of Fund inventories to other appropriations or funds without reimbursement.

Demands. An indication of a requirement (requisition, request, issue, repairable generation, etc.) for issue of serviceable material. Demands are categorized as either recurring or nonrecurring and are also referred to as orders. Demands for repairable items should indicate whether or not a carcass will be returned.

Direct Appropriations. Amounts appropriated by the Congress to the Fund for war reserve material, Defense Commissary Agency, or other purposes.

Economic Retention Stock. That portion of the quantity of an item greater than the Approved Acquisition Objective determined to be more economical to retain for future peacetime issue than to dispose and satisfy projected future requirements through procurement or repair. To warrant economic retention, items must have a reasonably predictable demand rate.

End of Period (EOP, EP). The last day of a specified fiscal year normally on

September 30 used to determine the closing status of resources.

Exchange Price. This is the price charged to customers exchanging a repairable item (DLR) for a serviceable one (new or repaired). Equates to the latest or average repair costs plus wash out costs per item plus the surcharges necessary to recover all the other costs in supply management.

Expendable Supplies and Material. Supplies which are consumed in use, such as paint, fuel, cleaning, preserving materials, surgical dressing, drugs, and medicines, etc., or which lose their identity in use, such as spare parts, etc. They are sometimes referred to as consumable supplies and material.

Initial Spare and Repair Parts. Those spares and repair parts introduced through the provisioning process to sustain material systems programmed operations until requirements are forecast based on actual demands (i.e., replenishment).

Insurance Item. A nondemand-based stocked essential item for which no failure is predicted through normal usage. However, if a failure were to be experienced or a loss occur through accident, abnormal equipment or system failure, or other unexpected occurrence, lack of replacement would seriously hamper the operational capability of a weapon system.

Inventory (Supply). An aggregation of material (supplies, equipment or end items) which is maintained for the primary purpose of issue to replace a failed, lost, or consumed item, or to provide initial stockage or stock replenishment to supported or supporting units or activities.

- Consumer Level of Inventory: An inventory, usually of limited range and depth, held only by the final element in an established supply distribution system for the sole purpose of internal consumption. Inventory at the consumer level is normally no longer considered Fund inventory.

- Intermediate Level of Inventory: An inventory between the wholesale and consumer levels, regardless of funding source.

- Wholesale Level of Inventory: Inventory, regardless of funding sources, over which the inventory manager at the inventory control point level has asset knowledge and exercises unrestricted asset control to meet worldwide inventory management responsibilities.

Inventory Cost Categories

- Operating Costs, other than initial purchase of war reserve material, consist of orders placed, contracts awarded, and similar transactions which legally encumber the government to a specified future outlay of funds.

- Mobilization Costs cover fiscal year New Budget Authority to procure items with funds appropriated specifically for war reserve stocks. These quantities of material are required to support approved force mobilization objectives. The approved force mobilization objective is the quantity required, in addition to peacetime assets normally available on any given date, to equip and support the approved force structure in accordance with current Defense Guidance.

Numeric Retention Stock.

Formerly, the quantity of an item in excess of all identified requirement objectives but for which disposal is currently infeasible or uneconomical or for which a management decision has been made to retain stock in the supply system. This category of stock is no longer valid.

Latest Acquisition Cost (LAC).

The price paid for each item the last time it was purchased from a supplier (*latest invoice price*), *unless the last purchase is not a representative purchase.* Can be based on an earlier buy if the latest purchase is considered nonrepresentative. Does not include any surcharges or inflation factors.

Numeric Stockage Objective (NSO) Item. A nondemand-based, stocked, essential item for which, although failure may be predicted, the probability of demand is so low that it does not meet the stockage criteria at a given activity and, as a demand-based item, would not be stocked. Since the lack of a replacement item would seriously hamper the operational capability of a

weapon or weapon systems, the item is therefore stocked; but as nondemand-based. Also included in this category are:

- Items needed to support particular programs of a nonrecurring or sporadic nature (e.g., set assembly, nonrepetitive overhaul programs) where reprocurement is not required once the particular program has been completed.
- Items that are procured on a life-of-type basis or which are "bought out" at the termination of a production program.
- Items that are not fully consumed during a one-time or nonrepetitive program but which should be retained for possible future need on a similar program.

Other War Reserve Material

Requirements. The total war reserve material requirement less the sum of the prepositioned war reserve requirements.

Outlays. Checks issued or other payments made by the government for goods and services received. Gross outlays are equal to the cumulative amount of disbursements made for the fiscal period to date. Net outlays are equal to gross outlays less the cumulative amount of collections received for the fiscal period to date.

Peacetime Operating Level of

Supply. The quantities of material required to sustain operations in the interval between requisitions and the arrival of successive shipments. These quantities should be based on the established replenishment period (monthly, quarterly, etc.).

Prepositioned War Reserve Material

Requirement (PWRMR). That portion of the war reserve stocks required to be on hand on M-Day which approved Defense Guidance dictates be reserved and/or positioned at or near the point of planned use or issued to the user prior to hostilities, to reduce reaction time and to assure timely support of a specific force/project until replenishment can be effected.

Price Stabilization. The policy through which the standard price of each cataloged item shall remain constant throughout each fiscal year except for correction of errors.

Production Lead Time. The time interval between the letting of a contract or the placing of an order and the first significant receipt into the supply system of material purchased as a result of such action.

Provisioning Item. Spares and repair parts required as both demand and nondemand-based levels in the supply system to support new fielding of end items.

Provisioning Item (Outfitting). That portion of Provisioning consisting of items for which a sale is anticipated to an appropriated outfitting (buy-out) account.

Reclassification. The transfer of assets between inventory strata.

Repair Cycle Level. The quantity of repairable items required to sustain operations during the repair cycle that commences when a maintenance replacement takes place and ends when the unserviceable asset is returned to stock in a serviceable condition. This includes such stages as removed, awaiting shipment, in transit, in prerepair screening, in process of repair, and being returned to serviceable stock. Any extraordinary awaiting-parts delays and any intentional extended-transit, storage, or repair-process delays should be excluded from the repair cycle.

Repairable Item. An item of supply subject to economical repair and for which the repair (at either depot or field level) is considered in satisfying computed requirements at any inventory level.

Requisitioning Objective. The maximum quantities of material to be maintained on hand and on order to sustain current operations and core war reserve. It will consist of the sum of stocks represented by the operating level, safety level, and the order and shipping time or procurement time, as appropriate.

Retail Inventory. Supplies/material held below the wholesale level (e.g., the intermediate and consumer levels of inventory).

Replenishment Spare and Repair Parts. Those spare and repair parts required to

resupply or increase initial stockage of reparable or consumable parts in support of fielded items.

Safety Level of Supply. The quantity of material required to be on hand to permit continuous operations in the event of minor interruption of normal replenishment or unpredictable fluctuations in demand.

Standard Price. The price customers are charged which, for DoD ICP managed item (excluding subsistence), remains constant throughout a fiscal year except for the correction of significant errors. The standard price is computed based on various factors which include the latest acquisition cost of the item plus surcharges to recover costs for transportation; inventory loss, obsolescence and maintenance; depreciation; and supply operations. Customers are charged exchange price for DLRs unless the carcass is not returned. If the carcass is not returned, the customer is billed the difference between exchange and standard price (carcass value).

Stockage Objective. The maximum authorized quantity of material on hand to sustain current operations. It consists of the sum of stock represented by the operating level, the safety level, the repair cycle level, and authorized additive levels.

Stratification Process. A uniform portrayal of requirements and asset application that is a computer-generated simulation of actions causing changes in the supply position, e.g., procurement, repair, receipt, issue, terminations, and disposal of material.

Surcharge. Factors added to the latest acquisition cost or repair cost price of an item to arrive at the customer's standard or exchange price. Surcharges will include: (1) transportation, for such costs as deliveries from production site to points of use or storage; (2) inventory obsolescence and loss, for the costs of pilferage, damage, deterioration, physical inventory shortages and excess; (3) inventory maintenance; (4) supply operations support costs; (5) inventory augmentation; (6) depreciation; and (7) carcass attrition costs, if applicable.

Unfunded Requirement. The difference between the spare and/or repair parts

requirement computed in accordance with DoD Policy (such as, DoDI 4110.24, DoDI 4140.39, and DoDI 4140.24) and the amount of that requirement that is funded.

Unobligated Commitments. Amount of commitments incurred this fiscal year to date which have not resulted in obligation at the end of the report period.

War Reserves. War reserves are stocks of material amassed in peacetime to meet the increase in military requirements forecasts contingent on an outbreak of war. War reserves are intended to provide the interim support essential to sustain operations until resupply can be effected.

D. Budget Submission Formats are provided in Section 0904.

090204 Non-Supply Business Areas

A. The following statements/tables/exhibits are prescribed for the remaining business areas of the Fund other than Supply Management. Exhibits Fund-7a and Fund-7b are to be included for all business areas which use direct labor hours in their rate computation. Exhibit Fund-8b is to be included only for the Transportation business areas.

		OSD/OMB Budget	Backup to Pres Budget	President's Budget	Execution Review
SM-8	Collections/Disbursements	yes	yes	no	no
Fund-1	Summary of Price, Program, and Other Changes	yes	yes	no	no
Fund-1a	Details of Price, Program, and Other Changes	yes	no	no	no
Fund-2	Changes in Cost of Operations	yes	no	yes	no
Fund-3	Labor Cost Breakdown	yes	no	no	no
Fund-4	Summary of General & Administrative Costs	yes	no	no	no
Fund-5	Total Cost Per Output Summary	yes	yes	no	no
Fund-6	Derivation of Unit Cost Estimates	yes	no	no	no
Fund-7a	Summary of Source of Revenue	yes	no	yes	no
Fund-7b	Customer Rate Computations	yes	no	no	no
Fund-8a	Appropriation Request Summary	yes	no	no	no
Fund-8b	Air Mobility Command	yes	no	no	no
Fund-9a	Capital Investment Summary	yes	no	yes	no
Fund-9b	Capital Investment Justification	yes	no	yes	no
Fund-9c	Capital Investment & Financing Summary	yes	yes	no	no
Fund-9d	Capital Budget Execution	yes	no	yes	no
Fund-10	Price Changes	yes	no	no	no
Fund-11	Source of Revenue	yes	no	yes	no
Fund-12	Performance & Quality Measures	yes	no	no	no
Fund-13	Cash Management Plan	yes	yes	no	no

		OSD/OMB Budget	Backup to Pres Budget	President's Budget	Execution Review
Fund-14	Revenue and Expenses	yes	no	yes	no
Fund-15	Fuel Data	yes	no	no	no
Fund-16	Material Inventory Data	yes	no	yes	no
Fund-17	Summary of Real Property Maintenance	yes	no	no	no
Fund-18	Fund Summary by Component	yes	no	no	no
Fund-19	Military & Civilian Personnel by End Strength and FTEs	yes	no	no	no
Fund-20	Military Personnel End Strength	yes	no	no	no
Fund-21	Civilian Personnel Costs by Business Area	yes	yes	no	no
Fund-22	Summary of Base Support	yes	no	no	no
Fund-23	Statement of Financial Condition	yes	no	no	no
Fund-24	Summary of Personnel Data	yes	no	no	no
Fund-25	Headquarters Cost	yes	no	no	no
Fund-26	<i>Revenue and Expense Phasing Plan</i>	yes	yes	no	no
Fund-27	<i>DFAS Customer Funding Summary</i>	yes	no	no	no
Fund-28	<i>Execution Performance Monthly Analysis</i>	no	no	no	yes
Fund-29	<i>Civilian Personnel Execution Performance Quarterly Analysis</i>	no	no	no	yes
OP-32	Operation & Maintenance Budget Activity Chapter 3)	yes	no	no	no
R-32	RDT&E Appropriation Budget Budget Activity (Chapter 5)	yes	no	no	no
P-32	Procurement Appropriation Budget Activity (Chapter 4)	yes	no	no	no

B. Definitions Used in Non-Supply Business Areas

Maintenance Depot. Industrial facilities of the Defense Business Operations Fund including; Army and Marine Corps Multiple Commodity Maintenance Depots, Ordnance Depots, Arsenal, Navy and Air Force Aviation Depots, Shipyards, and DLA Industrial Plant Equipment Repair Sites.

Direct Labor Hour Rate. The fully burdened cost per direct labor hour used as the initial basis for establishing stabilized rates. The direct labor hour rate is computed by dividing the sum of all labor, nonlabor, and material direct, indirect, general and administrative expenses projected to be incurred by the depot (or other business area) during the fiscal year, by the total number of direct labor hours (or other outputs) anticipated to be accomplished during the fiscal year.

Direct Labor Hour (DLH). DLHs, sometimes referred to as Direct Product Standard Hours, are the number of hours required to perform the direct work on a product, or to perform a billable service for customers. Direct labor hours generally include the hands-on maintenance, repair, overhaul, test, and related direct production effort that follows the established sequence and content of work necessary to accomplish the billable job. Direct Labor Hours do not include the support work or manhours identified as either indirect or general and administrative in nature. DLHs are estimated for budget purposes, by product or service, based on industrial or management engineering standards developed using time, method, and motion studies, historical usage averages, or professional estimating and evaluation (E&E) techniques.

Fixed Price Catalogs. Depot Maintenance business areas may maintain a catalog of products and services (major end items, components, depot level repairables, modification kits, etc.) with their associated rework, repair, overhaul, installation, etc., based on the Standard Depot Level Maintenance (SDLM) or Planned Depot Maintenance (PDM), work package Direct Labor Hours (DLHs). The DLHs associated with the product or service multiplied by the stabilized composite rate for a fiscal year constitutes the firm fixed price for the catalog item. Catalogs may be

maintained in hard copy or in electronic data bases accessible to customers.

Total Cost of Goods Sold. Refers to the total costs incurred in the operating budget of the business area associated with the revenue planned to be recognized for the budgeted fiscal year.

C. Component Estimates of Rates.

Each Business Area will include proposed new customer order rates for each budget year in accordance with paragraph 090104. The rates will be established during the budget review process and will remain stabilized through the execution year.

1. Total direct labor hours (DLHs) required to accomplish the budget year's work program will be identified by the Component in their OSD/OMB submission. The work program is the total number of DLHs planned to be executed in support of known and projected customer requirements during execution of the budget.

2. Total costs estimated to be incurred in execution of this work load will also be projected. This process should include application of general inflation, pay raise, and other inflation or DoD(C)-directed price adjustments, as specified in the DoD(C) budget formulation Budget Call. The sum of all these costs (including supplies, materials, pay, depreciation, and other charges, etc.) is the estimate of the total cost of goods sold.

3. Customer requirements must be projected and separately identified to include: current (on hand) unfilled customers orders expected to be executed during the budget year (carry-in or backlog), and work in process that will be completed; new orders anticipated to be accepted and executed during the budget year; and orders anticipated to be accepted but will not be executed during the year (anticipated carry-over).

4. Work load mix, availabilities, and production schedules must be assessed, along with any other factors that may impact program outputs such as policy changes, productivity initiatives, planned work load competitions, plant capacity, and other factors. Based on this analysis the total anticipated work load both by major work load category (or product), and the

associated Direct Labor Hours needed to accomplish this work during the program year will be identified and reported.

5. Total costs required to execute the planned program to produce the outputs in the approved execution program will be identified and reported in budget exhibits, with significant changes from the prior year highlighted in the Exhibit Fund-2, Changes in the Costs of Operations.

6. To determine program financing requirements and initial rates, the estimate of the total cost of goods sold will be divided by the programmed output (total Direct Labor Hours), to identify an initial cost per direct labor hour.

7. The number of DLHs associated with carry-in work load (unfilled customer orders on hand at the start of the year), times the prior year stabilized rate (rate in effect when the carry-in orders were accepted) will be identified. Since this work load is already financed, its DLHs and associated dollars will be subtracted from the FY total DLHs and Cost identified in step 5 above.

8. The orders anticipated to be accepted but not recognized as revenue during the fiscal year (the carry-over) will be identified in the same manner as the carry-in orders. The initial cost per direct labor hour for these carry-over DLHs (set in step 5 above) will be inflated in accordance with DoD(C) guidance for the following fiscal year when the work will actually be executed. The value of this additional inflation cost for these carry-over DLHs will be added to the total program base cost identified in step 4.

9. The revised base cost from step 7 above, plus the additional inflation cost for carry-over orders will be divided by the total number of DLHs associated with new program orders planned to be accepted whether scheduled to be worked or carried-over to the next fiscal year (all orders planned for acceptance or execution in the fiscal year program except unfilled customer orders that were carried-in to the fiscal year). The resulting cost per direct labor hour should be used as the basis for the DoD Components' proposed initial rate. The proposed initial rate is adjusted for prior year gains or losses necessary to achieve an end-of-year AOR of zero for the budget year.

The end result is a proposed New Customer Order Stabilized Rate.

10. Components may develop, report, and use subsidiary rates (engine rate, airframe rate, missile rate, etc.) as long as these subsidiary rates are rolled into a single composite rate for business area rate setting.

090205 Submission Requirements

A. All businesses, except Supply Management, operating within the Fund or under Unit Cost will provide a Summary by Component. For part I, each Component will provide a summary of the operating and capital budget for all of its business areas (except Supply Management) included in the Fund. In part II (work load assumptions), part III (productivity assumptions), and part IV (performance measures) by business area, summarized data will be provided to show the basis for unit cost and price estimates underlying the preparation of other schedules.

Component Business Area Narrative Analysis - For each business area, the Component will submit a narrative analysis that, as a minimum, addresses the following areas: a general description of the business area, its outputs and customers, and significant changes in the nature of the business over the period encompassed by the President's budget submission; an analysis of the budget statements covering revenue and expenses, costs of operation, and the statement of financial condition. The analysis should focus on the changes from year to year and how these changes are related to work load and productivity trends; an analysis of any special business-type schedules requested in the Budget Call letter; and a discussion of work load and manpower trends, productivity initiatives/cost reductions, unit costs, and customer prices incorporated in business area budgets.

B. Section 090203 listed submission requirements for Supply Management and Section 090204 listed submission requirements for the remaining business areas.

D. Budget Submission Formats are provided in Section 0904.

0903 CONGRESSIONAL
JUSTIFICATION/PRESENTATION

090301 Purpose

This chapter provides the policies and procedures to guide the development of budget justification and supporting narrative to be submitted by Components to the DoD Comptroller in development of congressional justification material. The DoD Comptroller will prepare the executive overview. Each Component will prepare a separate volume including their operating and capital budgets for direct submission to the Congress following review and approval by the DoD Comptroller. The Defense-wide volume material will be prepared by each Defense Agency and submitted to DoD(C), Revolving Funds Directorate, for review and approval prior to submission to DLA. DLA, with appropriate support from the submitting organization, will assemble the volume containing Defense-wide businesses and supervise its printing and distribution.

090302 Organization of Justification Books

A. Background

1. The OSD/OMB budget review focuses on a set of business-type schedules as a means of evaluating progress towards meeting cost and productivity targets, developing (with Component financial management personnel) unit cost goals by business area and setting prices for the budget year(s).

2. The Budget Call for budget justification and supporting narrative will request that selected Fund schedules be updated for inclusion in congressional justification material.

3. All data submitted for the President's budget should be consistent with approved costs, work load and productivity assumptions, customer prices, and unit costs. Any deviation from the approved level must be completely justified and coordinated with the appropriate Revolving Fund Directorate business area analyst.

4. The justification books submitted to Congress are to be unclassified, will be in one volume organized into three sections:

Component Overview, Operating Budget, and Capital Budget.

5. Justification books should follow the guidance contained in the DoD Financial Management Regulation, volume 2, paragraph 010401 for preparation of budget materials to Congress.

6. Financial exhibits required by Chapter 9 will agree with the *Annual Financial Statements required by the Chief Financial Officers Act of 1990*. Proposed deviations from data reported on the *Annual Financial Statements* are to be coordinated with the Revolving Funds analyst responsible for the affected business area.

B. Executive Overview

1. The Executive Overview will be prepared by the DoD Comptroller and will address congressional concerns, changes proposed in the budget year, and summary information. The purpose of the Executive Overview is to provide a digest of trends and financial data that will allow the reader to quickly grasp how the Fund has performed in the immediate past and its expected future performance.

C. Component Operating and Capital Budgets

1. Component Overview: This volume summary section and other Component justification will be submitted to Congress during February. The Component summary will consist of individual Component inputs in the following main sections:

a. Component Business Area Narrative Analysis - For each business area, the Component will submit a narrative analysis that, as a minimum, addresses the following areas: a general description of the business area, its outputs and customers, and significant changes in the nature of the business over the period encompassed by the President's budget submission; an analysis of the budget statements covering revenue and expenses, costs of operation, analysis of government equity, and the statement of financial condition. The analysis should focus on the changes from year to year and how these changes are related to work load and productivity trends; an analysis of any special business-type schedules requested in the Budget Call letter; and

a discussion of work load and manpower trends, productivity initiatives/cost reductions, unit costs, and customer prices incorporated in business area budgets.

b. Budget Statements - The Component will submit summary budget statements requested to support the external budget submission.

c. Special Schedules - For the Supply Management business areas, the narrative must include a section on work load and economic assumptions. These assumptions must include the following data for the prior, current, and budget fiscal years: items managed (#), requisitions received (□), receipts (#), issues (#), contracts executed (#), purchase inflation (%), and supply material availability (%).

2. Component Operating Budget: For each business area, the Component will submit a narrative description that explains the business area as well as the budget statements indicated in Section 0904.

0904 BUSINESS AREA ANALYSIS FORMATS

090401 Purpose

The formats provided on the following pages reflect guidance presented in previous sections of this chapter. These formats should be adhered to unless modified in a submission budget call.

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(Dollars in Millions)

Exhibit SM-1 Supply Management Summary

INSTRUCTIONS FOR PREPARATION OF
SUPPLY MANAGEMENT SUMMARY (EXHIBIT SM-1)

The purpose of the SM-1, Supply Management Summary by Division, is to provide summary justification for the Service or Defense Agency request. Instructions for preparation of SM-1 and SM-1a follow:

1. Prepare the SM-1 for each year being reviewed.
2. Dollars in millions and tenths of a million.
3. Both approved and proposed should be shown if they differ.
4. Peacetime Inventory will reflect the numbers shown on SM-2, line 6C.
5. Net Customer Orders will reflect the numbers shown on SM-2, line 2B.
6. Net Sales will reflect the numbers shown on SM-2, line 1.
7. Obligation Targets will reflect the targets shown on SM-2, lines 3A, 3B, 3C, 3D, and 3E. An obligation target total will be shown and be equal to line 3F of the SM-2. Only obligations will be shown on this form. Any other cost data, such as depreciation, will not be shown on this form.
8. Other Obligation Target includes appropriated dollars for any purpose other than mobilization.
9. Commitment Targets will reflect the numbers shown on SM-2, line 4.
10. Target Total will reflect the numbers shown on SM-2, line 5.

FY _____ Budget (DoD Component) SUPPLY MANAGEMENT Justification by Division	DIVISION					DATE
	FY____	FY____	FY____	FY____	FY____	FY____
1. NET SALES						
2. CUSTOMER ORDERS						
a. GROSS CUSTOMER ORDERS						
b. NET CUSTOMER ORDERS						
3. OBLIGATION TARGETS						
a. OPERATING (except repair of DLRs)						
b. REPAIR OF DLRs						
c. PROVISIONING						
d. MOBILIZATION						
e. OTHER						
f. TOTAL						
4. COMMITMENT TARGET						
5. TOTAL AUTHORITY						
6. PEACETIME INVENTORY						
a. OPERATING INVENTORY EOP						
b. OTHER INVENTORY EOP						
c. SUBTOTAL PEACETIME INVENTORY						
7. MOBILIZATION INVENTORY EOP						
8. TOTAL INVENTORY EOP						
9. GENERAL DESCRIPTION						
10. NUMBER OF ITEMS MANAGED						
11. MEASURE OF EFFECTIVENESS						
12. OPERATING TEMPO (Flying hours by aircraft type, steaming days, etc.)						
13. NARRATIVE EXPLANATION						

Exhibit SM-2 Justification by Division

INSTRUCTIONS FOR PREPARATION OF
GENERAL NARRATIVE JUSTIFICATION (EXHIBIT SM-2)

The purpose of the General Narrative Justification, SM-2 is to provide the basic justification for the budget request. Instructions for preparation of SM-2, General Narrative Justification follows:

1. Prepare an SM-2 for each supply management material division except for the Defense Logistics Agency and the Army, which may submit a consolidated statement for the retail divisions for the President's budget and the apportionment and midyear review. No summary SM-2 is required. An SM-2 is not required for a supply operations division.
2. Dollars in millions and tenths of a million except the Air Force Academy Division exhibits will be prepared in thousands.
3. For Net Sales use reimbursable issues minus stock fund credits and allowances (line 1). Amount entered will agree with the amount entered on SM-1.
4. For Gross Customer Orders (Demands) use gross sales (reimbursable issues) plus or minus the change (from the prior year) in unfilled orders (line 2A). An unfilled order is an unsatisfied requisition which upon issue of the material will become a sale. For Net Customers Orders (line 2B) subtract credits and allowances.
5. Obligation Targets will be divided into Operating less Repair of DLRs (line 3A), Repair of DLRs (line 3B), Provisioning (line 3C), Mobilization (War Reserves) (line 3D), and Other (line 3E). Other obligations include appropriated dollars for any purpose other than mobilization. These categories may be subdivided if approved by OSD. The total requested by division will reflect the total obligations shown on the Program and Financing Statement for the OSD/OMB Review and the President's budget. See definitions of terms Section 090203, Supply Management Business Areas, for description of categories.
6. Commitment Targets will provide an administrative reservation of authority which when approved authorizes the supply management business area to incur additional obligations on a dollar-for-dollar basis if customer orders (demands) increase without the requirement for a revised apportionment and reappportionment request. Commitment targets will also provide for normal unobligated end-of-year commitments (line 4).
7. Total Authority (line 5) is the total of obligations (line 3F) and commitment target (line 4).
8. Operating Inventory EOP (End Of Period) is the total applicable peacetime on hand and in transit inventory at standard price (include any provisioning inventory on hand or in transit) (line 6C). Peacetime inventory EOP (End Of Period) is the total Operating Inventory (line 6A) and Other Inventory (line 6B). Mobilization Inventory is shown on line 7. Total Inventory is line 6C plus line 7.
9. General Description (item 9) is a short narrative describing what the supply management division covers and supports.
10. Number of Items Managed (item 10) should provide quantitative data and narrative explanation of major changes.

11. Measures of Effectiveness (item 11) should provide quantitative data and narrative explanation of major changes in measures of supply effectiveness. The following measures of effectiveness will be used:

Percent stock availability (fill rate)--The number of units requisitioned that are immediately available expressed as a percent of the total units demanded for the period. This percent should be shown for both the wholesale and the retail level of supply.

Requisition delay time--The length of time between the date a supplier receives a requisition for an item and the date he ships the item. This should be expressed as a number of days for all stock funded items.

Mission capable rate supply--The number of weapon systems either fully or partially mission capable because of a stock funded item expressed as a percent of the total number of weapon systems. This measure should be shown for each major weapon system.

Quality Deficiency Reports (QDRs)--This measures the percentage of discrepancies in customer receipts in comparison to total item issuances by the ICP (in response to customer requisitions). It is a measure of customer satisfaction.

QDR Processing Time--This measures the time interval from ICP receipt of QDR to the issuance of corrective action. It is a measure of timeliness and customer satisfaction.

12. Operating Tempo Assumptions (item 12) should provide quantitative data such as flying hours (by aircraft type), steaming days, programmed overhauls, training days, etc., which may impact the supply management division's requirements.

13. Narrative Explanation (item 13) should cover an explanation of major changes between fiscal years as well as in the relationship between sales, orders (demands), and obligations.

FY ____ (DoD Component) BUDGET SUPPLY MANAGEMENT Operating Budget	DIVISION			DATE	
	(Dollars in Millions)				
	FY ____	FY ____	FY ____	FY ____	FY ____
A. INVENTORY REQUIREMENT (Standard Price)					
1. Operating Requirement					
a. New Customer Orders (Net)					
b. Unfilled Orders (BOP)					
c. Operating Objectives					
d. Other, including Provisioning (List)					
e. Total					
2. Mobilization					
3. Other					
4. Total Inventory Requirements					
B. APPLICABLE RESOURCES (Standard Price)					
1. ON HAND BOP					
2. CHANGES DURING PERIOD					
3. ON ORDER BOP					
4. TOTAL APPLICABLE RESOURCES					
C. REQUIREMENT (Standard price)					
1. TOTAL REQUIREMENT (Standard price)					
2. SURCHARGES (-)					
D. FUNDING REQUIREMENT (At Cost)					
1. FUNDING REQUIREMENT AT COST					
2. TRANSPORTATION COST (+)					
3. REPAIR COST (+)					
4. OTHER (List)					
5. TOTAL FUNDING REQUIREMENT					
6. UNFUNDED OPERATING REQUIREMENT					
7. UNFUNDED MOBILIZATION PROTECTABLE					
8. UNFUNDED PROVISIONING & OTHER PROTECTABLE					

Exhibit SM-3a Operating Budget

FY ____ (DoD Component)		BUDGET		DIVISION		DATE	
SUPPLY MANAGEMENT Operating Budget (Continued)				(Dollars in Millions)			
				FY ____	FY ____	FY ____	FY ____
E. COMMITMENT TARGET (At Cost)							
F. OBLIGATION TARGET (At Cost)							
1. OPERATING (Includes DLR repair)							
2. PROVISIONING							
3. OTHER							
4. MOBILIZATION							
5. TOTAL							
G. BASIS OF OPERATING OBJECTIVES (Standard Price)							
1. SAFETY LEVEL	dollars						
	days						
2. ADMINISTRATIVE LEADTIME	dollars						
	days						
3. PRODUCTION LEADTIME	dollars						
	days						
4. PROCUREMENT CYCLE	dollars						
	days						
5. OPERATING LEVEL	dollars						
	days						
6. REPAIR CYCLE	dollars						
	days						
7. OTHER OBJECTIVES (List)	dollars						
	days						
8 TOTAL OPERATING OBJECTIVES							
H. NARRATIVE EXPLANATION (Indicate item number to which explanation applies. If more space is needed, attach additional pages.)							

INSTRUCTIONS FOR PREPARATION OF
OPERATING BUDGET REQUIREMENTS (EXHIBIT SM-3a)

The purpose of the SM-3a, Operating Budget Requirements is to provide backup information to support the obligations. Instructions for preparation of the SM-3a:

1. Prepare an SM-3a for each supply management material division except for the Defense Logistics Agency and the Army, which may submit a consolidated statement for the retail divisions. An SM-3a is not required for a supply cost of operations division. For the requested columns for the current year, display estimated actuals. For budget year and budget year plus one display revised request.

2. Dollars in millions and tenths of a million except the Air Force Academy Division exhibits will be prepared in thousands.

3. See Section 090203, Supply Management, for definitions of inventory categories.

4. Operating Requirements (line A1E) should include the total requirements for new customer orders (demands), unfilled orders at the beginning of the period, operating inventory requirement to replace sales, and others (listed and explained as necessary) at standard price.

5. Mobilization Requirement (line A2) should be the funded requirement as of the end of the period. Show unfunded mobilization requirement on line D7.

6. Total Inventory Requirement (line A4) should be the total of lines A1E, A2, and A3.

7. Applicable Resources should be shown in Section B.

8. Requirement (Standard Price) is shown on line C1. Line C1 is line A4 minus line B4. Line C2 is the surcharges amount included in line C1.

9. Line D1, Funding Requirement at Cost, is line C1 minus line C2. It includes obligations plus commitments for inventory requirements. Lines D2 through D4 are other obligation requirements for noninventory requirements. Line D5 is the total obligation requirement (the sum of D1 through D4). Line D6 is any unfunded operating requirement included in D5. (Explain in narrative.) D7 will reflect line 4C on SM-3C. D8 will reflect line 6B on SM-3a.

10. Line F5 is the total obligation target, line D5 minus lines D6 through D8 and E, and will agree with SM-2 (line 3F) total obligation target.

11. Basis of Operating Objectives. (Section G) This section contains an analysis in financial terms of peacetime on-hand and on-order objectives for the end of the past year, current year, and the budget year. Objectives will be based on subsequent fiscal year estimated demands, and will be constructed by element (e.g., safety levels, production leadtime, review cycle, repair cycle, and the like). Column 1 will reflect the actual end-of-period objectives for the past fiscal year.

The purpose of this exhibit is to portray statistically computed supply inventory objectives which will be used to test the reasonableness of the total inventory objectives computed by means of the simulation-of-buy stratification process. Substitute formats may be used provided they present

substantially the same information, and provided that prior approval for substitution is obtained from the Director for Revolving Funds, USD(C).

The following is an explanation of specific entries.

a. Safety Level. (Days/Dollars) This entry will reflect the relationship between the dollar value of issues/transfers, and the dollar value of the safety level, to the average number of days of supply contained in the safety level. Requirements for numeric stockage objectives are excluded. Provision is made for more than one echelon of supply by permitting the safety level at the highest echelon to consider, in addition to issues, transfers to lower echelons. This section is applicable to both repairable and consumable items. The narrative should describe significant changes in safety level requirements or average days from one fiscal period to the next period.

b. Leadtime. (Days/Dollars) The requirement to support demands (requiring replacement through acquisition) over the acquisition leadtime period of procurement or order and ship time, depending on the echelon of supply, is included in this entry. No leadtime requirement is to be included for issues replaced through the repair cycle or for issues which will not be replaced. Therefore, these types of issues are subtracted from gross demands in the computation. The narrative should describe significant changes in leadtime requirements or average days from one fiscal period to the next period.

c. Procurement Cycle/Operating Level. (Days/Dollars) The procurement cycle applies to the first echelon of supply. This requirement supports demands from the end of the fiscal year until the next scheduled procurement. For each fiscal year it represents the dollar value of that portion of the procurement cycle which requires funding during that fiscal year. The operating level applies to the second echelon of supply. The operating level requirement support demands during the interval, between arrival of successive replenishment shipments. Only one-half of the dollar value of the operating level requirement is included here since it is assumed that on the average one-half of this requirement would be on order at any given period in time.

No procurement cycle or operating level requirement is to be included for issues replaced through the repair cycle. The narrative should describe significant changes in procurement cycle/operating levels or average days from one fiscal period to the next period.

d. Repair Cycle. (Days/Dollars) This entry will consist of the requirement for material to be on hand at the end of the fiscal year to accomplish repair operations during the repair turnaround period. This will include the time interval required to generate, through returns, sufficient stocks of an item to warrant an economical repair work order (accumulation time), and the time interval between approval of a work order for repair until the item is reclassified as serviceable (repair leadtime). The repair cycle will consist of the time interval between pickup of the unserviceable item on inventory control records and the time when the item is reclassified as serviceable. In those instances where asset visibility has been extended below the wholesale (first) echelon of supply, repair cycle requirements should include the full range of funding needed to support the visible portions of the repair cycle as first echelon requirements. A repair cycle for both a first and second echelon of supply should be described in those cases where the requirements process does not comprehend all repair cycle requirements within the first echelon. The narrative should describe significant changes in repair cycle requirements or average days from one fiscal period to the next period.

e. Other Operating Inventory Objectives. (Days/Dollars) Objectives included here will be limited to those which cannot be properly assigned to any of the objectives identified above. The narrative analysis will include appropriate data to support each objective listed under this classification. This entry excludes requirements/funding for peacetime inventory augmentation or mobilization. The narrative should describe significant changes in other operating inventory objectives from one fiscal period to the next period.

f. Total Operating Inventory Objective. (Days/Dollars) This entry is the sum of total computed on-hand and on-order peacetime operating inventory requirements as of the end of each fiscal period. (Sums of lines G1 through G7.)

12. Narrative. This provides a narrative explanation of significant changes. Also, this narrative provides a presentation of the adjustment required to the basic stratification tables prescribed by DoDI 4140.24 in order to adjust the basic data or to add data not considered. A detailed explanation of operating obligation requirements in excess of orders will be provided. The narrative should describe significant revisions or additions to the stratification tables which provide the basis for budget review and analysis. Individual statements for each budget submission should be prepared for each budget category.

INSTRUCTIONS FOR PREPARATION OF
OPERATING REQUIREMENT BY WEAPON SYSTEM (EXHIBIT SM-3B)

The purpose of the SM-3B, Operating Requirement by Weapon System is to provide a breakout of the operating obligation request by type of supply system action (procurement versus repair) and by weapon system or category.

1. For the OSD/OMB budget review, prepare SM-3B for each Service stock fund wholesale division which provides military spare parts. (This excludes fuel, medical/dental, subsistence, etc.). For each division, one Exhibit SM-3B should be prepared for each fiscal year (CY, BY1, BY2).

2. Definitions.

a. Basic Replenishment consist of the sales replacement spares.

b. Outfits are initial outfittings to support a new weapon system or modification to an existing weapon system. This material is anticipated to be sold to an appropriated outfitting (buy-out) account which finances the lay-in of authorized allowances at the outfitting site.

c. Special Programs are instances where special management action is required, such as a Service initiative responding to abnormally high wear-out rates.

d. Basic Rework is repair obligations for sales replacement.

3. Dollars in millions and tenths of a million. Weapon systems, as defined by the applicable Service, may be aggregated into categories when individual systems are less than \$25 million. Appropriate levels of aggregation will be approved by the Director for Revolving Funds. Common parts may be grouped by category such as radios or may be allocated to specific systems such as F-16 aircraft. Obligational authority requests for nonweapon system-related requirements such as reverse engineering and forgings & castings must be separately identified.

4. Estimated data may be used and noted as such until accurate systems can be developed to provide accurate data.

5. This form will be prepared at latest acquisition cost or repair cost as appropriate.

FY_____ BUDGET _____ (DoD Component) Date:	MOBILIZATION REQUIREMENT BY DIVISION (Dollars in Millions)					
	CY	BY1	BY2	BY3	BY4	BY5
1. REQUIRED						
a. PREPOSITIONED						
b. SUSTAINING						
c. TOTAL						
2. ASSETS						
a. PREPOSITIONED						
b. SUSTAINING						
c. TOTAL						
3. FUNDED DEFICIT						
a. PREPOSITIONED						
b. SUSTAINING						
c. TOTAL						
4. UNFUNDED DEFICIT						
a. PREPOSITIONED						
b. SUSTAINING						
c. TOTAL						
5. NARRATIVE						

Exhibit SM-3c By Division

INSTRUCTIONS FOR PREPARATION OF
MOBILIZATION REQUIREMENT (EXHIBIT SM-3C)

The purpose of the SM-3C, Mobilization Requirement is to provide a breakout of the funded and unfunded mobilization requirement.

1. Prepare SM-3C for each supply management division which has a mobilization requirement.
2. Dollars in millions and tenths of a million.
3. Provide for current year through FYDP. Only totals for each category (1 through 4) need be shown for FYDP years.
4. Show all data at cost.
5. See Section 090203, Supply Management, for definition of prepositioned. All other war reserve requirements will be included under sustaining.
6. The unfunded deficit is that portion of the total requirement for which no funds are available. The total requirement will encompass the minimum number of days specified in the Defense Guidance. Explain in narrative any constraints not due to funding.

FY _____	BUDGET _____	DIVISION _____		DATE _____
SUPPLY MANAGEMENT (DoD Component)		(Dollars in Millions)		
INVENTORY STATUS	TOTAL	MOBILIZATION	PEACETIME OPERATING	PEACETIME OTHER
1. INVENTORY BOP				
2. BOP INVENTORY ADJUSTMENTS				
a. RECLASSIFICATION CHANGE (Memo)				
b. PRICE CHANGE AMOUNT (Memo)				
c. INVENTORY RECLASSIFIED AND REPRICED				
3. RECEIPTS AT STANDARD				
4. SALES AT STANDARD				
5. INVENTORY ADJUSTMENTS				
a. CAPITALIZATIONS + or (-)				
b. RETURNS FROM CUSTOMERS FOR CREDIT +				
c. RETURNS FROM CUSTOMERS WITHOUT CREDIT				
d. RETURNS TO SUPPLIERS (-)				
e. TRANSFERS TO PROPERTY DISPOSAL (-)				
f. ISSUES/RECEIPTS WITHOUT REIMBURSEMENT + or (-)				
g. OTHER (LIST/EXPLAIN)				
h. TOTAL ADJUSTMENTS				
6. INVENTORY EOP				
7. INVENTORY EOP, REVALUED (LAC, DISCOUNTED)				
a. ECONOMIC RETENTION (Memo)				
b. CONTINGENCY RETENTION (Memo)				
c. POTENTIAL DOD REUTILIZATION (Memo)				
8. INVENTORY ON ORDER EOP (Memo)				
9. NARRATIVE (Explanation of unusual changes)				

Exhibit SM-4 Inventory Status

INVENTORY STATUS (EXHIBIT SM-4)

The purpose of the Inventory Status, SM-4 Exhibit is to show estimated inventory levels that will result from the proposed budgets and operating levels. Prepare SM-4 for each budget submission or review. This report shall be submitted for the prior fiscal year, the current fiscal year to date, the total current year, and the budget year for each supply management division. For each fiscal year, the form will be prepared at standard price. Line 7 will show the ending inventory converted to cost with discounting factors for repair cost and salvage value applied as appropriate. A consolidated summary for the total fund will be prepared for the OSD/OMB Review. The prior fiscal year and the current fiscal year to date exhibits shall reflect in column (1) the amount, at standard price, from supply management general ledgers used in preparation of fiscal and accounting reports. Amounts in columns (2), (3), and (4) may be statistically derived based upon related inventory stratification reports. Instructions for preparation of SM-4 Inventory Status at standard price are as follows:

1. Inventory, BOP at Standard Price. (Beginning of Period) Amounts of inventory on hand and in transit reported must equal amounts reported as of the end of the prior year. If not, explain any difference in a footnote. The Component must have title to all inventory listed here.
2. Inventory, Repriced at New Standard Price. Stratified inventory, valued at new standard price. Memorandum entry for amount due to price change (line 2B) and for change due to reclassification (line 2A) will be shown. Reclassification nets to zero in total column.
3. Receipts. Add the amount of inventory value on which title has passed or will pass to the reporting supply management division during the period of the report. Use standard price.
4. Gross Sales. Material sold to customer during the period of the report at standard price.
5. Inventory Adjustments.
 - a. Capitalization (Net). Report at standard price the inventory value of material capitalized or decapitalized during the period of the report. Show a net decapitalization with (-) preceding value.
 - b. Returns from Customers for Credit. Show the cumulative amount of material returned from customers on which title has passed to the reporting supply management division during the period of the report for which credit has been given. Use standard price.
 - c. Returns from Customers without Credit. Show the cumulative amount of material returned from customers on which title has passed to the reporting supply management division during the period of the report for which credit was not given. Use standard price.
 - d. Returns to Suppliers. Show as a negative number the cumulative amount of material returned to supplier during the period of the report. Use standard price.
 - e. Transfers to Property Disposal. Show the net amount of material transferred to/from the Defense Reutilization and Marketing Service (DRMS) on which title has been passed to DRMS. Use standard price.
 - f. Issues/Receipts Without Reimbursement. Show the net cumulative amount of material issued or received without reimbursement during the period of the report. This item could include transfers from other divisions or material categories, etc., as required. Show net issued with (-) preceding value. Use standard price.

g. Other Adjustments. Identify and report the amounts of other adjustments to inventory. Include all other adjustments to inventory such as adjustments to record for physical inventory count and extraordinary losses (fire, weather). Explain with footnotes if necessary. Show (+) or (-) as appropriate. Use standard price.

h. Total. Add 5a through 5g.

6. Inventory EOP. (End of Period) Report the amount of inventory available as of the end of the reporting period. Includes all on hand, in transit, work-in-process, and other stocks on which title is rested in the reporting stock fund division. Use standard price.

7. Inventory EOP at Approved Valuation Method. Convert the inventory at standard price in line 6 to latest acquisition cost. Then apply the discounting factors for repair cost and salvage value as appropriate. Provide breakout of Peacetime Other Inventory (column 4, line 6) value as economic retention, policy retention, potential excess, and other for OSD/OMB review only.

8. Inventory on Order, EOP at Cost. (End of Period) Report the amount of peacetime (operating and other) and mobilization undelivered orders (excluding in transit) for material outstanding at the end of the period.

Supply Management
Wholesale Only - Surcharge Calculation

DIVISIONS/ICP	(\$M) PY	(% of Sales) PY	(\$M) CY	(% of Sales) CY	(\$M) BY1	(\$ of Sales) BY1	(\$M) BY2	(% of Sales) BY2
Composite								
1. Sales at LAC/LRC								
2. Surcharge Elements								
a. Supply Ops Obs (May List)								
b. Distribution Depot Obs								
c. DLSC/DASSO/DRMS Obs								
d. DFAS Obs								
e. Depreciation								
f. Material Inflation Adjustment								
g. Loss/Obsolescence Obs								
h. Condemnation Obs								
i. Transportation Obs								
j. Capital Surcharge								
k. AOR Recovery								
l. Other (List)								
m. Total Surcharge								

Exhibit SM-5a Wholesale Only - Surcharge Calculation

INSTRUCTIONS FOR PREPARATION OF EXHIBIT SM-5a
SURCHARGE COMPUTATION

The purpose of the SM-5a, Surcharge Computation Exhibit, is to show the surcharge elements for the wholesale divisions of supply management business areas. This form will be prepared for each wholesale division. Each Service/Agency will provide a consolidated form for the sum of all wholesale divisions managed by that Service/Agency.

1. The Defense Logistics Agency (DLA), the Army, the Navy, and the Air Force will provide the estimated surcharge and customer price changes on this form and the SM-5B, Customer Price Change, that will be reflected in the upcoming budget years to OUSD(C) by August 1. OUSD(C) will review these estimates and distribute pricing factors to all Components in seven working days after receipt of these products.

2. On line 1 of the form, enter net sales at cost for that wholesale division. If the division is consumable, the sales at cost should be at latest acquisition cost (LAC). For example, in *estimating* FY 1998 costs, FY 1996 contract prices *plus* FY 1997 inflation should be used. If the division is repairable, separate exhibits should be prepared for sales at standard price and sales at exchange price. For the estimated sales at standard price, the net sales reflected should represent sales at LAC. (Note: Since Air Force pricing computation modules can compute only forecast acquisition price, the Air Force must manually compute the difference between latest acquisition cost and forecast acquisition price and provide that computation for review with the rest of the exhibits required. That calculation of latest acquisition cost will be used as sales at cost in the Air Force budget exhibits). For sales at exchange price, the net sales reflected should represent sales at latest repair cost (LRC). For example, in setting FY 1997 prices, FY 1996 repair prices *plus approved depot rate changes* should be used. The surcharge elements described below should be allocated to sales at standard price or sales at exchange price. There should also be a composite exhibit for repairables that sums both the sales at LAC and LRC and the surcharge elements. For the Current Year (CY) the sales at cost should reflect the number approved in the President's budget for that fiscal year. This is the only form in which President's budget approved numbers are required. All other forms will reflect actual, estimated actual, or new projections as appropriate. For the BY1/BY2 the sales at cost should reflect the Components' best estimate of sales for that fiscal year including the approved inflation for that fiscal year only. On this line do not fill out the percent of sales column. For the composite supply management surcharge, the net sales at cost line will be comprised of a mix of consumable and repairable sales at LRC and LAC based on the estimated standard price and exchange price sales.

3. On line 2A enter obligations for supply operations approved in the President's budget for the CY less other supply operations obligations separately identified such as distribution depots obligations and transportation obligations. For the BY1/BY2 enter the estimated obligations for the budget year less obligations reflected under other categories. For the percent of sales column, divide the dollar amount in each category by the sales at cost in line one for each column. Inflation for each fiscal year should be included in the obligations cited for each surcharge element. At Component discretion, obligations for supply operations may be further broken down and displayed on this form.

4. On line 2B enter obligations to reimburse DLA distribution depots for receipts and issues approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated obligations to reimburse DLA distribution depots for receipts and issues. Work with DLA as you develop your rates to identify the number of receipts and issues and the price DLA plans to charge in estimating the budget year amount. During the budget review these estimates will be adjusted based on the budget decisions.

5. On line 2C enter obligations to reimburse DLSC, DAASO, and DRMS approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated obligations to reimburse DLSC, DAASO, and DRMS. Work with DLA as you develop your rates to determine the amount of funding required to support these

activities in the budget year. During the budget review these estimates will be adjusted based on the budget decisions.

6. On line 2D enter obligations to reimburse DFAS for accounting services approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated obligations to reimburse DFAS. Work with DFAS as you develop your rates to identify the obligations required to reimburse DFAS for the budget year. During the budget review these estimates will be adjusted based on the budget decisions.

7. On line 2E enter depreciation expense approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated depreciation expense.

8. On line 2F enter the obligational impact associated with the approved inflation related to material for the PY and CY. For the BY1/BY2 inflation should be calculated based on several factors: (1) actual experience over production leadtime preceding the CY setting of prices; (2) approved inflation over the production leadtime preceding the CY setting of prices; and (3) a combination of these two factors based on an estimation of the gain/loss resulting from the inflation estimate in prior year price setting. Inflation for supply operations and other surcharge elements should be included within the supply operations element listed above.

9. On line 2G enter the obligations required to replace items that have either been lost, pilfered, or have become obsolescent approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated obligations associated with replacing items that have become lost or obsolete. If the carcass return rate is less than 100 percent for repairables, obligations required to replace items should be included in this category.

10. On line 2H, for repairable items only, enter the obligations required to replace items that have attrited through the repair process approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated obligations associated with replacing items that have attrited in the repair process. Attrition for repairable items occurs on items that have been sold at exchange price. Subsequently, the items wash out in the repair process and some must be replaced.

11. On line 2I enter the obligations required for first and second destination transportation of secondary items approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated obligations associated with transportation of secondary items. Obligations for first destination transportation of secondary items should only be included as a surcharge element if not included in the price of the item.

12. On line 2J enter the capital surcharge required to support disbursements for capital investments that will not be covered by depreciation approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated surcharge amount required to support disbursements for capital investments that will not be covered by depreciation. Capital surcharges to support JLSC disbursements must be included. Work with USD(C) as you develop your rates to determine how much should be included in your rates for JLSC.

13. On line 2L enter the amount added to prices to adjust for prior year gains/losses approved in the President's budget for the PY and the CY. For the BY1/BY2 enter anticipated surcharge amount required to adjust prices for prior year gains/losses. This estimate for the BY1/BY2 must be based on actual PY results and revised CY estimates in the President's budget.

14. This form is not intended to limit the Component in the display of surcharge elements. The Other (List) category permits the Component to display other costs as required.

15. On line 2M sum up line 2A through 2L across the columns.

Note: 1/ Exclude direct reimbursable costs such as tenant base support. Identify the amount excluded by footnote on this form.

SUPPLY MANAGEMENT
Wholesale Only
Customer Price Change

	CY	BY1	BY2
1. Net Sales at Cost			
2. Less: Material Inflation Adj.	XXXXXXX		
3. Revised Net Sales at Cost	XXXXXXX		
4. Surcharge (\$)			
5. Change to Customers			
a. Previous Year's Surcharge (%)			
b. This year's Surcharge and material inflation divided by line 3 above (\$)			
c. Percent change to customer			

Line 1. On this line enter the net sales at cost for each fiscal year. The dollar value on this line should match the net sales at cost line on the composite line 1, SM-5A *and include an estimate for material inflation.*

Line 2. This line should have the dollar value of the material inflation adjustment applicable between the previous year and the fiscal year of the column, i.e., in the budget year column, enter the amount of material inflation included in line 1 *between BY and CY.*

Line 3. Subtract line 2 from line 1.

Line 4. Enter the surcharge (\$) for that fiscal year from the SM-5A, i.e., for the budget year enter the composite total surcharge for line 2M of the SM-5A.

Line 5a. Enter the percentage (decimal) of the previous fiscal year's surcharge, i.e., for the budget year enter the percentage (decimal) from the CY line 2M of the SM-5A.

Line 5b. Add together line 4 and line 2. Divide the total of line 4 and line 2 by line 3 to get the entry for this line.

Line 5c. Divide line 5b plus one by line 5a plus one and subtract one from the result.

Exhibit SM-5b Customer Price Change

FY ____ (Business Area) (DoD Component)	COLLECTIONS/DISBURSEMENTS WORKSHEET (Dollars in Millions)			
	OPERATING	OTHER	MOBILIZATION	TOTAL
1.				
a. BALANCE, BOP FY				
b. APPROPRIATIONS				
c. TRANSFERS				
d. COLLECTIONS				
e. DISBURSEMENTS				
f. NET OUTLAYS				
g. CASH, EOP				
2.				
a. BALANCE, BOP FY				
b. APPROPRIATIONS				
c. TRANSFERS				
d. COLLECTIONS				
e. DISBURSEMENTS				
f. NET OUTLAYS				
g. CASH, EOP				
3.				
a. BALANCE, BOP FY				
b. APPROPRIATIONS				
c. TRANSFERS				
d. COLLECTIONS				
e. DISBURSEMENTS				
f. NET OUTLAYS				
g. CASH, EOP				
4.				
a. BALANCE, BOP FY				
b. APPROPRIATIONS				
c. TRANSFERS				
d. COLLECTIONS				
e. DISBURSEMENTS				
f. NET OUTLAYS				
g. CASH, EOP				

Exhibit SM-8 Collections/Disbursements

INSTRUCTIONS FOR PREPARATION OF
COLLECTIONS/DISBURSEMENTS (EXHIBIT SM-8)

The purpose of the Collections/Disbursements Exhibit, SM-8, is to provide detailed backup for cash impacts. Instructions are:

1. The exhibit is required to be submitted with each budget submission or review. It may be determined based upon computation from amounts recorded in general ledgers, from memorandum records, or projections of recent experiences. Amounts shall be rounded to the nearest tenth of a million dollars. Prepare SM-8 for prior fiscal year and each succeeding fiscal year through the FYDP.

a. Prior Fiscal Year:

- (1) Balance, BOP. Report the balance at the beginning of the period.
- (2) Appropriations. Report the amount of appropriations realized in the prior fiscal year.
- (3) Transfers. Report the amount of transfers from or to other funds during the prior fiscal year.
- (4) Collections. Report the amount of collections received.
- (5) Disbursements. Report the amount of disbursements made.
- (6) Net Outlays. Report the amount of net outlays for columns 1 and 4 by subtracting the estimated collections line 1.d from expenditures line 1.e.
- (7) Cash Balance, EOP. (End of Period). Report the fund balance as of the end of the reporting period.

b. Current Fiscal Year. Provide the same data as for the prior fiscal year, allowing balance EOP + BOP to compute based on transactions.

c. Budget Year. Provide the same data as for the current fiscal year.

d. Outyears. Provide the same data for the year following the budget year for the OSD/OMB Budget Review only.

2. Other Fund Balance (column 2) includes appropriated dollars for any purpose other than mobilization.

FY _____ BUDGET COMMODITY SUMMARY							A. Supply Management		B. AS OF (Enter date)	
	SPARE PARTS	SUBSISTENCE	CLOTHING	MEDICAL/ DENTAL	FUEL	OTHER	TOTAL			
<u>CONTRACT AUTHORITY - SOURCE:</u>										
OPERATING PURCHASES FROM DIA										
OPERATING PURCHASES FROM										
OTHER STOCK FUND										
OPERATING PURCHASES FROM OWN										
STOCK FUND										
OPERATING PURCHASES FROM										
SUPPLIERS										
OPERATING COSTS										
TOTAL OBLIGATIONS										
NEW APPROPRIATION (MEMO)										
MOBILIZATION										
OTHER										
SALES - BY CUSTOMER										
TO NON-DOD AND FMS										
TO OWN STOCK FUND										
TO ARMY										
TO NAVY										
TO AIR FORCE										
TO MARINE CORPS										
TO OTHER DOD										
TOTAL SALES										

Exhibit SM-10 Commodity Summary

INSTRUCTIONS FOR PREPARATION OF EXHIBIT SM-10
COMMODITY SUMMARY

The purpose of the SM-10, Commodity Breakout Chart, is to provide a breakout of Appropriation and Contract Authority including sales for each Service and the Defense Logistics Agency. This exhibit will be prepared in million of dollars and cover the prior, current, and budget year.

Total Cost Per Output Summary

Component: _____ Business Area: _____

Date: _____

(\$ in Millions)

Gross Sales	Unit Cost	Total Cost
<u>PY CY BY1 BY2</u>	<u>PY CY BY1 BY2</u>	<u>PY CY BY1 BY2</u>

Output
Operating Budget

Cost per dollar of sales

Divide Total Cost by
Gross Sales

Cost equals obligations
(except capital budget)
plus depreciation,
and credit returns.

Exhibit SM-16 Total Cost Per Output Summary

Summary of Price, Program, and Other Changes (Operating Budget) - Costs

Component: _____

Business Area: _____

Date: _____
(\$ in Millions)

Cost of Opns FY PY	Cost of Opns FY CY	Price Growth	Program & Other Changes	Cost of Opns FY BY1	Price Growth	Program & Other Changes	Cost of Opns FY BY2
--------------------------	--------------------------	-----------------	-------------------------------	---------------------------	-----------------	-------------------------------	---------------------------

Military Personnel Compensation (Fund-1a lines 010-050)

Civilian Personnel Compensation and Benefits (including FNIH personnel) (Fund- 1a lines 101-113)

Travel and Transportation of Personnel (Fund-1a lines 301-307)

Material & Supplies (For Internal Operations) (Fund-1a lines 401-422)

Equipment (Fund-1a lines 502-550)

Other Purchases from Revolving Funds (Fund-1a lines 601-699, except 633, 634, and 671)

Transportation of Things (Fund-1a lines 701-761)

Depreciation (Fund-1a lines 802-805)

Printing and Reproduction (Fund-1a lines 633 and 921)

Advisory and Assistance Services (Fund-1a line 931)

Rent, Communications, Utilities, and Miscellaneous Charges (Fund-1a lines 634, 671, 912, 913, 914, and 915)

Other Purchased Services (All other Fund-1a lines)

Total Operating Budget ^{A/}

Less Depreciation

Inventory Procurement Expenses (Supply Management Only)

Total Obligations

^{A/} For Supply Management Business Areas, Total Operating Budget is for supply operations only. All entries on this form are obligations except for the costs of depreciation.

Exhibit Fund-1 Summary of Price and Program Changes - Costs

Instructions for Preparation of Exhibit Fund-1
Summary of Price, Program, and Other Changes

This exhibit reflects the total operating costs (including reimbursements for non-Fund business areas) to accomplish the work load represented by all measured and unmeasured outputs. Measured outputs are those for which total costs for the output are estimated on the basis of the average total cost per unit. Unmeasured outputs are those remaining outputs which are expressed only in terms of total program costs. The operating budget will show depreciation for all capital benefiting the business area. Both the Summary Exhibit (Fund-1) and the Detail Exhibit (Fund-1a), which reflect the costs incurred to support sales activity, are required for all business areas except for Supply Management business areas. For Supply Management Business Areas, all entries on this form are obligations except for depreciation.

Details of Price, Program, and Other Changes (Operating Budget) - Costs
(\$ in Millions)

Cost of Operations FY --	Annualization of Pay Raises	Price Growth Percent Amount	Program & Other Changes	Cost of Operations FY --
--------------------------------	--------------------------------	--------------------------------	-------------------------------	--------------------------------

MILITARY PERSONNEL COMPENSATION

010 Officer Composite - Military Rates
050 Enlisted Composite - Military Rates
Total Military Personnel Compensation

CIVILIAN PERSONNEL COMPENSATION

101 Executive, General, and Special Schedule
103 Wage Board
104 Foreign National Direct Hire (FNDH)
105 Separation Liability (FNDH)
106 Benefits to Former Employees
107 Voluntary Separation Incentive Program
110 Unemployment Compensation
111 Disability Compensation
112 Retirement Fund Offset (9% of Employee's final basic pay)
113 Retirement Fund Offset (\$80 per year per employee)
Total Civilian Personnel Compensation

TRAVEL

301 Per Diem
302 Other Travel Costs
303 MAC Passenger (Fund)
307 Leased Vehicles
Total Travel

MATERIAL & SUPPLIES (FOR INTERNAL OPERATIONS)

401 Fuel Purchases (Other than from Supply Management)
402 Fuel Purchases (from Supply Management)
411 Material & Supplies Procured from DoD Sources (excluding Fuel)
413 Noncapitalized Equipment Procured from DoD Sources
416 GSA Managed Supply and Materials
418 GSA Managed Purchases of Noncapitalized Equipment
421 Locally Purchased Supplies & Materials (Other than from Supply Management)
422 Locally Purchased Noncapitalized Equipment
Total Material, Equipment & Supplies

Note: For Supply Management Business Areas, all entries on this form are obligation except for the costs of depreciation.

Details of Price, Program, and Other Changes (Operating Budget) - Cost
(\$ in Millions)

Cost of Operations FY --	Annualization of Pay Raises	Price Growth Percent Amount	Program & Other Changes	Cost of Operations FY --
--------------------------------	--------------------------------	--------------------------------	-------------------------------	--------------------------------

EQUIPMENT PURCHASES

502 Army (Fund) Equipment
503 Navy (Fund) Equipment
505 Air Force (Fund) Equipment
506 DLA (Fund) Equipment
507 GSA Managed Equipment
550 Commercial Purchases of Equipment
Total Equipment Purchased from the Fund

OTHER INTRAFUND (FUND) PURCHASES

601-699 (As follows:)
601 Army Ordnance-Armament Command
602 Army Depot Maintenance
648 *Army Information Services*

610 Naval Air Warfare Center
611 Naval Surface Warfare Center
612 Naval Undersea Warfare Center
613 Naval Aviation Depots
614 Naval Command, Control & Ocean Surveillance Center
615 *Navy Information Services*

Transportation (Sealift Services):

620 Fleet Auxiliary Force
621 Afloat Prepositioning Ships
623 Special Mission Supports
624 Other Sealift Purchases

630 Naval Research Laboratory
631 Naval Facilities Engineering Service Center
632 Naval Weapon Stations
633 Defense Printing Service (FY 1996 only)

Component

Army
Army
Army

Navy
Navy
Navy
Navy
Navy
Navy

Navy
Navy
Navy
Navy

Navy
Navy
Navy
Navy

Details of Price, Program, and Other Changes (Operating Budget) - Cost (\$ in Millions)

	Cost of Operations FY --	Annualization of Pay Raises	Price Growth Percent Amount	Program & Other Changes	Cost of Operations FY --
<u>Component</u>					
Navy Base Support Services:					
634 Public Works - Utilities					
635 Public Works - Other					
639 Public Works (Composite Rate)					
637 Naval Shipyards					
640 Marine Corps Depot Maintenance					
649 Air Force Information Services					
653 Transportation (Airlift Services (Training))					
<u>Depot Maintenance:</u>					
661 Organic Operations					
662 Contract					
633 Defense Printing Services (FY 1997 and out)					
647 Defense Megacenters (DISA)					
650 DLA Information Services					
651 DFAS Information Services					
670 Defense Automatic Addressing Systems					
671 Communications Services (DISA)					
672 Purchases From Pentagon Reservation Maintenance Revolving Fund					
673 Financial Operations (DFAS)					
674 Distribution Depots (DLA)					
675 Defense Reutilization and Marketing Services (DRMS)					
676 Defense Industrial Plant Equipment Services (DIPEC) (FY 1996 only)					
677 Joint Logistics Systems Center					
680 Purchases from the Buildings Maintenance Fund					
679 Cost Reimbursable Purchases					
680-689 Other Business Areas (List)					
Total Other Fund Purchases					

Details of Price, Program, and Other Changes (Operating Budget) - Cost
(\$ in Millions)

	Cost of Operations FY --	Annualization of Pay Raises	Price Growth Percent Amount	Program & Other Changes	Cost of Operations FY --
TRANSPORTATION					
701 AMC Cargo/Passenger (Fund)					
702 AMC SAAM/JCS (Fund)					
711 MSC Cargo (Fund)					
721 MTMC Port Handling (Fund)					
725 MTMC (Other non-Fund)					
771 Commercial Transportation					
Total Transportation					
OCONUS Transportation-Supply Mgt only (Memo)					
CAPITAL INVESTMENT DEPRECIATION					
802 Equipment, except ADPE and Telecom Eq (depreciation)					
803 ADPE and Telecom Resources (depreciation)					
804 Software Development (depreciation)					
805 Minor Construction (depreciation)					
Total Capital Investment Depreciation					

Details of Price, Program, and Other Changes (Operating Budget) - Cost
(\$ in Millions)

	Cost of Operations FY --	Annualization of Pay Raises	Price Growth Percent Amount	Program & Other Changes	Cost of Operations FY --
OTHER PURCHASED SERVICES					
901 Foreign National Indirect Hire (FNIH)					
902 Separation Liability (FNIH)					
912 SLUC (GSA Leases)					
913 Purchased Utilities (non-Fund)					
914 Purchased Communications (non-Fund)					
915 Rents & Leases (non-GSA)					
921 Printing & Reproduction					
922 Equipment Maintenance by Contract					
928 Ship Maintenance by Contract					
929 Aircraft Rework by Contract					
930 Other Depot Maintenance (non-Fund)					
923 Facility Maintenance by Contract					
931 Contract Advisory and Assistance Services					
941 Technical Drawings (Supply Operations only)					
942 Forgings & Castings (Supply Operations only)					
969 Other Engineering Services & Support					
989 Other Contracts					
998 Other Costs (List and identify items over \$10,000)					
Total Other Purchases					

TOTAL COST OF OPERATIONS (Includes Reimbursements)

Definitions of Fund-1a Categories - Cost
Details of Price, Program, and Other Changes (Operating Budget)

General. The Fund-1 and Fund-1a Exhibits reflect the total costs (expenses) of supporting the applicable business area for each fiscal years PY, CY, BY1, and BY2. All business areas will report the amortized capital costs of the activity for the capital investments benefiting the business area. All entries on this form are costs except for Supply Management business areas. For Supply Management business areas, all entries on this form are obligations except for the costs of depreciation. Round data to the nearest tenth of a million (e.g., show \$10.4 million, not \$10 million).

Military Personnel Compensation - The elements of cost to be included in the calculation of Military Personnel composite enlisted and officer rates can be found in chapter 26 of the DoD Accounting Manual.

Civilian Personnel Compensation - The elements of cost now include VERA and RIF costs as well as the costs to offset the short-term costs of buyouts.

109 - 9 percent of the final basic pay of each employee who takes a buyout and voluntary early retirement under the Civil Service Retirement System (CSRS) during fiscal year 1995.

110 - \$80 per year for each employee on an agency's rolls under CSRS and the Federal Employees Retirement System as of March 31 of fiscal years 1995 - 1998, of whether an agency offers buyouts.

Material, Equipment, & Supplies - These elements support the internal material, equipment, and supply costs associated with operation of the associated supply activity. Distinguish between expenses associated with material purchased from Fund businesses and that purchased from non-Fund businesses.

413 - Includes elements 502-507 of the OP-32 for equipment purchases of less than \$100,000 per item. Equipment costing more than \$100,000 per item will be capitalized and depreciated under element 801.

Other Purchases

941 - The amount entered for Technical Drawings will agree with the amount for this element in supporting budget justification materials.

942 - The amount entered for Forgings and Castings will agree with the amount for this element in supporting budget justification materials.

War Reserve Material Sales - Enter the amount for this element of expense supported by budget justification materials and included in operating budget totals.

Other pertinent information is explained below:

- Exhibits are required to show changes from the prior year to the current year, the current year to the BY1, and from the BY1 to the BY2.

- Elements of expense for which there are no costs should be excluded from the data submitted (rather than included with an amount of zero).

- Elements of expense 601-699 should be used for purchases from business areas other than supply operations to support the internal operations of the business area. Purchases by supply operations from depot maintenance businesses should be included in category 600. Purchases from the supply operations business to support the internal operations of the business should be reported in category 400.

Lines 601-676 and 680-689 should include purchases made at stabilized rates. Cost reimbursable purchases should be included in line 699.

- Purchases of engineering services, other than those shown on lines 931-934 should be included on line 969, Other Engineering Services and Support.

Changes in the Costs of Operation
Component/Business Area: _____
Date: _____
(Dollars in Millions)

Expenses

FY PY Est Actual

FY CY Estimate in President's Budget:

Estimated Impact in FY CY of Actual
FY PY Experience:
List

Pricing Adjustments:
Civilian Personnel
Fuel Price

Program Changes:
List

FY CY Current Estimate:

Pricing Adjustments:
Annualization of Prior Year Pay Raises
FY BY1 Pay Raise
Civilian Personnel
Military Personnel
Fund Price Changes
General Purchase Inflation
Other Price Changes (list)

Productivity Initiatives and Other Efficiencies:
Productivity Initiative 1
Fund Productivity
Etc.

Program Changes:
Change 1
Etc.

Other Changes:
Depreciation
Other (list)
FY BY1 Estimate:

Pricing Adjustments:
Annualization of Prior Year Pay Raises
FY BY2 Pay Raise
Civilian Personnel
Military Personnel
Fund Price Changes

Exhibit Fund-2 Changes in the Costs of Operation

Changes in the Costs of Operation (Cont)

Component/Business Area: _____

Date: _____

(Dollars in Millions)

Expenses

General Purchase Inflation
Other Price Changes (list)

Productivity Initiatives and Other Efficiencies:

Productivity Initiative 1
Fund Productivity
Etc.

Program Changes:

Change 1
Etc.

Other Changes:

Depreciation
Other (list)

FY BY2 Estimate:

This exhibit will explain the changes in the operating budget (expenses) from one fiscal year to the next at a meaningful level of detail, relating program changes to changes in the level of work load (Unit Cost outputs) to the maximum extent possible. A Fund-2 exhibit for each Fund business area is required. Of particular interest are the strategies and plans to improve business area productivity and quality. Accordingly, the cost impacts of productivity initiatives (DMRD and other) should be separately identified on this schedule. Each business area should include a paragraph outlining major productivity improvement plans and associated resources including but not limited to capital investment, education and training initiatives, process improvement, consolidation and streamlining, work force motivation, and incentives.

Provide a narrative explanation for changes. Round data to the nearest tenth of a million (e.g., show \$ 10.4 million, not \$ 10 million).

For changes in cost due to productivity initiatives, list the detailed initiatives and amounts for each. Distinguish the cost reductions associated with individual DMRDs from other productivity initiatives.

Labor Cost Breakdown

Component: _____

Business Area: _____

Date: _____

(\$ in Millions)			
Direct	Indirect	Gen & Adm	
<u>Labor 1/</u>	<u>Nonlabor</u>	<u>Labor 1/</u>	<u>Nonlabor</u>
			<u>Total</u>

1/ Includes military and civilian compensation

List total Direct, Indirect, and General and Administrative expenses by year. The distinction between these elements of cost should be based on the 15 October 1990 Unit Cost Resourcing Guidance, or approved Unit Cost Task Group Mapping.
For Supply Management Business Areas, all entries on this form are in obligations with the exception of depreciation.

FY PY

FY CY

FY BY1

FY BY2

FY PY

Civilian FTEs
Civilian End Strength
Military End Strength

FY CY

Civilian FTEs
Civilian End Strength
Military End Strength

FY BY1

Civilian FTEs
Civilian End Strength
Military End Strength

FY BY2

Civilian FTEs
Civilian End Strength
Military End Strength

Area Personnel Breakdown

<u>Direct</u>	<u>Indirect</u>	<u>Gen & Adm</u>	<u>Total</u>
---------------	-----------------	----------------------	--------------

Exhibit Fund-3 Labor Cost Breakdown

Instruction for the Preparation of Exhibit Fund-3
Labor Cost Breakdown

This exhibit stratifies, by fiscal year, the total business area costs in the operating budget by Direct, Indirect, and General and Administrative (G&A) categories, which respond differently to changes in work load. For the G&A category, only the personnel carried in and paid for by the business area should be reflected in the personnel strength numbers. This includes personnel paid from the business area payroll such as assigned security guards and personnel working in the office of the business area director, but not the personnel assigned to a G&A activity that provides base operations support to the business area unless they are carried in the end strength of the business activity.

Summary of General and Administrative Costs

Component: _____

Business Area: _____

Date: _____

(\$ in Millions)

FY PY

FY CY

FY BY1

FY BY2

List those elements of cost, including purchased services and base operations, which will be distributed as General and Administrative Overhead Costs to measured and unmeasured outputs. Where appropriate, also include headquarters costs. Separately identify categories that are significant cost drivers; summarize less significant cost drivers in the "other" category. Examples of General and Administrative Costs include:

ADP Support
Telecommunications
Installation Services
Equipment Maintenance
Civilian Personnel Office
Comptroller/Accounting and Finance
Real Property Maintenance (Excluding Capital Investments)
Utilities
Headquarters Support *
Other

Total

Note: Significant differences between years should be explained.

* Includes higher headquarters operating expenses above the activity level command elements -- usually at the major command, systems command or other comparable organizational levels (see definition on Fund 25 exhibit).

Exhibit Fund-4 Summary of General and Administrative Costs

Total Cost Per Output Summary

Component: _____
 Business Area: _____
 Date: _____
 (\$ Millions)

Work load		Unit Cost		Total Cost	
PY	CY	PY	CY	PY	CY
BY1	BY2	BY1	BY2	BY1	BY2

Output
Operating Budget

List each output
whether measured
or not.

Estimated work load
for measured outputs.

Estimated unit cost
for measured outputs.

Estimated total cost
for measured and
unmeasured outputs. O&M
functions must include
reimbursable outputs.

Total Operating
Budget

No Data Entry

No Data Entry

Sum the total estimated cost
for all outputs. O&M-funded
activities must include reimbursable
outputs.

Capital Budget

No Data Entry

No Data Entry

List the estimated
total capital budget.

This exhibit specifies, by fiscal year, the operating budget by the costs and outputs associated with each business area. Total costs on this exhibit will add to the operating budget total. Enter the total capital budget amount (authority) as the last item in the table. Exhibit Fund-5 corresponds to the funding document that will be issued for those business areas that have a limited number of outputs. Exhibit Fund-5a should be used for business areas with multiple outputs, which includes most of the business areas that were formerly Industrial Fund activities.

Exhibit Fund-5 Total Cost Per Output Summary

Total Cost Per Output Summary

Component: _____

Business Area _____

Date: _____

1. Description of How Products are Priced:

Examples: Price list for items repaired
Cost per billable hour
Cost per item manufactured
Cost per ton/mile by route

Business areas should provide descriptions for as many of the primary outputs as practical.

2. Explanation of Average Change in Cost:

FY CY Average Changes in Cost

Provide a narrative explanation of how the data displayed in Exhibit Fund-1 and changes in work load affect the average cost of products in FY CY, FY BY1, and FY BY2.

FY BY1 Average Changes in Cost

FY BY2 Average Changes in Cost

Exhibit Fund-5a Total Cost Per Output Summary

Derivation of Unit Cost Estimates
For Significant Outputs

Component: _____
Business Area: _____
Date: _____
Output: _____

FY PY
Price Changes
Program Changes

		Total Cost					
Labor	Non-Labor	Indirect		Labor	Non-Labor	G&A	
							<u>Unit Cost</u>
							<u>Work Load</u>
							<u>Total FY PY</u>

FY CY
Price Changes
Program Changes

		Total Cost					
Labor	Non-Labor	Indirect		Labor	Non-Labor	G&A	
							<u>Unit Cost</u>
							<u>Work Load</u>
							<u>Total FY CY</u>

FY BY1
Price Changes
Program Changes

		Total Cost					
Labor	Non-Labor	Indirect		Labor	Non-Labor	G&A	
							<u>Unit Cost</u>
							<u>Work Load</u>
							<u>Total FY BY1</u>

FY BY2
Price Changes
Program Changes

		Total Cost					
Labor	Non-Labor	Indirect		Labor	Non-Labor	G&A	
							<u>Unit Cost</u>
							<u>Work Load</u>
							<u>Total FY BY1</u>

Exhibit Fund-6 Derivation of Unit Cost Estimates

Instructions for Completing the Fund-6

For those outputs deemed to be significant to the mission of the business area, this format provides a vehicle for explaining how the unit cost was derived. This exhibit should take the form of explaining what contributes (inflation, productivity, consolidation, changes in performance goals, etc.) to changes in the cost per output from one year to the next. The exhibit must be explicit and of sufficient detail to justify the proposed unit costs.

The format should be similar to the Fund-2 (Changes in the Costs of Operation); it should provide an itemized list of price and program changes resulting in changes to estimated unit cost from year to year (FY PY to FY CY, FY CY to FY BY1, and FY BY1 to FY BY2). The purpose is to help justify unit cost estimates for the most significant outputs of Defense Business Operations Fund business areas. Unit cost estimates reflected on this exhibit should be identical to unit cost estimates displayed on the Total Cost Per Output Summary Exhibit Fund-5. Data for all measured outputs and the top five unmeasured outputs (in terms of estimated cost) should be reflected on this exhibit. Like other exhibits, price changes include only escalation such as pay raises and benefits increases, as well as other inflation. All other changes should be reflected as program changes.

Items explaining changes to unit cost should be grouped into (three) categories:

A. Work Load: Explain changes in estimated work load which produce changes in unit cost. This should include both changes to the total volume of work load as well as changes to work load mix.

B. Cost: Explain changes to estimated cost in terms of price and process changes as reflected in the Summary of Price and Program Changes, and the Summary of General and Administrative Expenses. (Include identification of productivity, quality, and work force motivation strategies to reduce cost or increase performance).

C. Performance Measurement: Explain how changes in performance goals contribute to changes in cost per output.

Business Area: _____

FY _____

Funding Source	Prior Year Stabilized Rate (\$)	Direct Labor Hours Carry-in	Revenue Carry-in Orders (\$ Mil)	Proposed New Order Rate (\$)	Direct Labor Hours Total New Orders Accepted	Revenue Total New Orders (\$ Mil)	New Orders Accepted but Not Worked (\$ Mil) <u>1/</u>	Proposed Carry-out Rate (\$ Mil)	DLHs (000) Carry-out <u>2/</u>
Parent Service	(List customers by appropriation, fund, or other sources. All orders must match the OP-21, R-32, and P-32 exhibits in total.)								
Other DoD Services	(List by Service. Show by appropriations, fund, or other source.)								
Other DoD Agencies	(List by agency.)								
Other DoD Funds	(List by Fund, i.e., Navy Supply Management, Air Force Depot Maintenance, etc.)								
Non DoD Agencies, Individuals & Others									
Total									

^{1/} These orders are included within Total New Orders Accepted, but are not programmed for execution during the budget year.

^{2/} This column would include all orders from column 7 (New Orders Accepted but Not Worked), plus any additional multi-year orders funded in prior years (FY-1, etc.), but still not programmed for execution in this fiscal year.

Exhibit Fund-7a Summary of Sources of Revenue

Instructions for Completing the Fund-7a, Summary of Sources of Revenue

Separate fiscal year exhibits are required for the prior year, current year, and budget year.

Revenue from carry-in orders at the beginning of the fiscal year must equal the carry-out balance at year-end for the previous fiscal year. New customer orders should be priced at the rate used in the Components' customer account request (see guidance on setting rates). Carry-out orders should be priced based on the pricing guidance. Because carry-out orders cannot be billed until accomplished, the sum of the revenue derived from carry-in orders, new orders planned for execution in this fiscal year, and the other column should equal total revenue from orders for the fiscal year. Other revenue includes pass-through, direct funding, and cost reimbursable orders that are not subject to stabilized rates.

Direct labor hours (DLHs) for carry-in work include only carry-in (balance on hand beginning of the year) anticipated to be executed during the program year. For multiyear projects, that portion of carry-in programmed for execution in future years should be added to carry-out work load. Show new customer order received from each appropriation, agency, or fund, as applicable. Any new customer orders not programmed for execution during the programmed fiscal year should be included in the carry-out category.

Revenue amounts must agree with the applicable Revenue and Expense Exhibits (Fund-11) and with Summary of Price and Program Changes Exhibits (OP-32, R-32, and P-32). (See pricing and customer account guidance in the DoD Financial Management Regulation and in the budget guidance.)

The prior year stabilized rate is the DoD composite revenue rate set in the prior year(s) budget(s). If carry-in from more than one year is involved, provide the weighted average based on the number of DLHs and the rate applicable for each year. If all carry-in was at the same rate, then only one entry is required at the top of the column. If the business has established subcomposite rates (that make up the DoD stabilized rate) such as a rate by major commodity or product (engines, airframes, components, etc.), these subcomposite rates may be used in the "Prior Year Stabilized Rate" column if grouped by customer or appropriation.

The column "New Orders Accepted but not Worked" will reflect carry-out orders.

Funded carry-in showing excess of three months in FY PY - FY BY2+1 should be explained in a narrative footnote to this exhibit.

CUSTOMER RATE COMPUTATIONS
 Department of (Component Name)
 Business Area: _____

New Order
 FY _____

<u>Adjustment</u>	<u>Direct Labor Hours</u>	<u>Program Cost</u>	<u>Rate (\$)</u>
Prior Year Stabilized Rate:			\$xx.xx
1. Total programmed Direct Labor Hours (DLHs) anticipated to be executed during the fiscal year:	xxx,xxx,xxx		
2. Total Cost of Goods Sold during year:		\$xxx,xxx,xxx	
3. Minus DLHs associated with carry-in orders:	- xxx,xxx		
4. Minus nonstabilized rate revenue and revenue from carry-in orders at prior year composite rate: (including BRAC funding, direct reimbursables, UPC funds, pass-throughs, etc.):		-\$ xx,xxx,xxx BRAC -\$ pass-throughs -\$ direct reimbursables -\$	
5. Total Direct Labor Hours for New Orders accepted and programmed for execution this year:	xxx,xxx,xxx		
6. Adjusted Cost of Goods Sold (from step 4):		\$xxx,xxx,xxx	
7. Initial Cost Per Direct Labor Hour for New Orders: (step 6 divided by step 5).			\$xx.xx
8. DLHs associated with new orders to be carried-over* for execution in the next fiscal year:	xxx,xxx		
9. Add inflation differential value for New Orders accepted but programmed for carry-over to next fiscal year. (Step 7 times Step 8, times inflation rate).		+\$xxx,xxx	
10. Adjusted Cost of Goods Sold:		\$xxx,xxx,xxx	
11. Adjusted Cost Per Direct Labor Hour: (Adjusted Cost of Goods Sold (Step 10) divided by the sum of the DLHs from Step 5 and step 8).			\$xx.xx

Exhibit Fund-7b Customer Rate Computations

CUSTOMER RATE COMPUTATIONS

Department of (Component Name)

Business Area: _____

Rate (\$)

Program Cost

Direct Labor Hours

Adjustment

12. Adjustment for prior year gains or losses necessary to achieve an end-of-year AOR of zero for the budget year. Step 12 is calculated as follows:

(a) Take the *previous year* end-of-year AOR and add to that any gains or losses in *the budget year(s)* and *new surcharges required*.

(b) The resulting dollar value (from "a" above) is then multiplied by the following ratio:

(Step 5 DLHs + Step 8 DLHs) / Step 5 DLHs where:

- Step 5 equals the number of DLHs for new orders estimated to be accepted during the year for execution in that year (BY), and

- Step 8 equals the number of new orders accepted in the budget year but anticipated to be carried-over for actual execution in the next fiscal year.

The resulting dollar value, either positive (if your AOR is negative) or negative (if your AOR is positive), is then used as an adjustment to program cost in Item 12.

The adjustment for capital surcharges is positive. This will ensure that all prior year gains or losses planned to be recouped or distributed will be accomplished during the budget year for which rates are being set.

13. Adjusted Cost of Goods Sold (the sum of Step 10 and Step 12):

14. New Customer Order Stabilized Rate (Cost Per Direct Labor Hour):

This rate is calculated by dividing the Adjusted Cost of Goods Sold (from Step 13) by the sum of the DLHs from Step 5 and Step 8.

15. Percentage rate change from prior year:

Calculated by dividing Step 14 by the prior year stabilized Cost Per Direct Labor Hour rate.

*Note - When determining inflation adjustments for carry-over orders you may include those orders from multiple year projects that were carried-in from the prior year, but will not be accomplished in the current year. The total carry-over DLHs should match the number reported on the Fund-7a exhibit.

Navy Research and Development Rates. The Navy will include the total composite rate change for the Research and Development business area in addition to the stabilized rate (for work performed in-house only) in the budget estimates submission.

**AIR MOBILITY COMMAND (AMC)
COMMON USER TRANSPORTATION SERVICES
DEFENSE BUSINESS OPERATIONS FUND SUMMARY**

DATE: _____

FY PY

FY CY

FY BY1

FY BY2

I. Cost of Operations

Outputs:

Cost per Trained Flight Crew (1)

- C-5
- C-130 (CONUS)
- C-141
- C-17

Other Outputs/Augmentation

- Channel Passenger Movement
- Channel Cargo
- Special Assignment Airlift
Missions (SAAMs)
- Joint Chiefs of Staff
Exercises

Other Outputs/Organic (2)

- Channel Passenger Movement
- Channel Cargo
- Special Assignment Airlift
Missions (SAAMs)
- Joint Chiefs of Staff
Exercises

Support to Others/Base Operations (3)

Air Refueling Tankers
Aeromedical Evacuation
Commercial Mail Service

Total Costs

II. Revenue

Channel Passenger Movement

Channel Cargo

Special Assignment Airlift

Missions (SAAMs)

Joint Chiefs of Staff Exercises

Commercial Mail

Base Support (Reimbursements from
Tenants)

Other

Total Based Revenue

III. Appropriation Request (Total Costs - Revenue): This request should be listed by output. The objective is to determine the request which is needed to fund the difference between the actual cost of flying AMC planes versus the revenue which is generated by commercially based rates.

Exhibit Fund-8b Air Mobility Command Common User Services

Notes:

- (1) The cost per trained flight crew includes all organic airlift costs including estimated overhead for Base Operations and AMC Headquarters).
- (2) Provide estimated costs for airlift missions required solely for purposes of meeting customer demand such as disaster relief (e.g., Provide Hope, Provide Comfort, etc.).
- (3) Estimated Base Operations costs incurred in support of tenants. Base Operations costs in support of the AMC missions should be included in the total cost of the missions supported.

Business Area Capital Investment Summary

Component: _____

Business Area: _____

Date: _____

(\$ in Millions)

Line Number	Item Description	FY PY		FY CY		FY BY1		FY BY2	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	Equipment								
	- Replacement								
	- Productivity								
	- New Mission								
	- Environmental								
	- Compliance								
	ADPE & Telecomm								
	Software Development								
	Minor Construction								
	TOTAL								

Instructions for the Fund-9a Exhibit
Capital Investment Summary

I. General - Each line item shown on the Fund-9a Exhibit represents the summary data associated with an individual capital investment reported on the Fund-9b Exhibit (Capital Investment Justification). The line number assigned to the item from the Fund-9b Exhibit will be cross-referenced in the first column of the Fund-9a Exhibit. In addition, the ADPE and Telecommunications equipment and software development Fund-9b Exhibit line number assigned should also be used for cross-referencing within the Information Technology Exhibits as outlined in Chapter 18 of this regulation. Use the approved Business Operations Fund name for the business area. Equipment costing \$500,000 or more, and software development costing more than \$500,000 will be separately justified on Fund-9b Exhibit. Section 090103, Policy, provides specific guidelines in deciding whether or not to include an item in the capital budget, and the necessary pre- and post-investment analysis required to substantiate a capital budget request. Definitions for these capital budget categories are provided below:

A. Equipment, other than ADPE and Telecommunications Resources, costing \$100,000 or more will be capitalized and depreciated over a period not to exceed ten years, except vehicles which will be depreciated over five years. Equipment will be categorized by the primary reason justifying the purchase: Replacement, Productivity, New Mission, or Environmental Compliance.

(1) Replacement Equipment should be systematically analyzed and alternatives considered to meet the replacement requirement in the most cost-effective manner supported by an economic analysis. The level of effort devoted to this analysis should be related to the dollar value of the proposed investment and should employ traditional capital investment evaluation techniques such as net present value and internal rate of return analysis. In the situation where a new piece of equipment being considered significantly exceeds the capability of existing equipment, the repair versus purchase decision should be justified in the category "Productivity Equipment."

(2) Productivity Equipment consists of equipment that significantly exceeds the efficiency or capability of existing equipment and should be supported by an economic analysis comparing the net present values of alternatives considered by the decision maker.

Productivity equipment reduces the cost of operations of the business activity, thereby reducing cost per unit of output, or results in a product or service improvement that reduces the customer's cost of use.

(3) New Mission Equipment is equipment needed to support an increase in work load or a new mission that cannot be adequately accomplished with the existing equipment. Purchase decisions should be supported, where applicable, with a thorough and systematic analysis of the alternatives available to satisfy the requirement in the most cost-effective manner.

(4) Environmental Compliance Equipment is equipment needed to correct or forestall a condition in violation of local, state or federal statutes and regulations. Rather than an economic analysis, a description of the possible violation ought to be included and how the particular item of equipment will remedy the situation.

B. ADPE and Telecommunications Equipment having a system unit or life cycle cost of \$100,000 or more will be capitalized and depreciated over a period of five years.

(1) ADPE and telecommunications resources consist of computer hardware, operating system software (including utility and communications software) and telecommunications equipment as defined in OMB Circular A-11.

(2) ADPE costs will be displayed in four parts: (1) Computer Hardware (Production), (2) Computer Software (Operating System), (3) Telecommunications, and (4) Other Computer and Telecommunications Support Equipment. The last category includes investments such as uninterrupted power sources and air conditioning that must be purchased to support computer and telecommunications resources. Other support valued at \$250,000 or more must be separately described and justified.

C. Software Development/Modernization with a system unit or life cycle cost of \$100,000 or more will be capitalized and depreciated over a period of five years

(1) Software development includes the actual development and acquisition of the information system as defined in OMB circular A-11. This category does not include software developed for a customer for use in a weapon system.

(2) Software development/modernization will be budgeted by project. A project is defined as any change, modernization, or improvement to a system or subsystem that by itself will provide an economic benefit or improvement in a business process. This must include all changes or improvements needed to interface or integrate with other ancillary systems. A project has a start and stop date, a specific amount of funds, and results in a usable end product. The full scope of a software development project may consist of efforts in any or all of the following four phases: (1) planning and system design; (2) system development including software modification and conversion; (3) deployment, including environmental and operational test and installation; and (4) management and technical support.

(3) Costs to be included in a software development project include the total labor and nonlabor costs such as: (1) all direct cost for civilian and military personnel; (2) contractor labor; (3) supplies; (4) travel; (5) processing support for testing; (6) indirect costs; and (7) general and administrative costs (e.g., base operations support, higher headquarters, and depreciation for central design activity-owned assets). Software development/modernization projects will exclude ADPE and maintenance/operations costs. These will be identified separately in the ADPE and telecommunications section of the Fund-9a and Fund-9b.

D. Minor Construction projects financed by the business area and costing \$100,000 or more but less than \$300,000 will be capitalized and depreciated over 20 years. Where appropriate, minor construction decisions should be supported by an economic analysis.

E. Column Entries

(1) Item Description. Enter the category - Equipment \$5 million or more, Minor Construction, etc., and the proper nomenclature, or descriptive title, of the item to be procured or service to be purchased.

- (2) Quantity. As applicable, enter the quantity of items procured/estimated to be procured during , as FY PY, FY CY, FY BY1, and FY BY2. The quantity shown in this exhibit should reflect all program changes through the date of preparation of the exhibit regardless of whether such changes have been previously reported.
- (3) Cost. Enter the estimated total cost of the applicable quantities procured/estimated to be procured during FY PY, FY CY, FY BY1, and FY BY2, as applicable. This amount should reflect all costs associated with program changes through the date of preparation of the exhibit regardless of whether such changes have been previously reported. Costs will be expressed in millions of dollars, to the nearest tenth (i.e., \$2.6 million).

BUSINESS AREA CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)										A. Budget Submission	
B. Component / Business Area / Date			C. Line No. & Item Description				D. Activity Identification				
FY PY			FY CY		FY BY1		FY BY2				
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Total Cost
<p>Narrative Justification:</p> <p>This exhibit will provide detailed justification by line item in support of summary capital investment purchases shown on the Fund-9a Exhibit.</p> <ul style="list-style-type: none"> - Describe the capability afforded by the existing equipment/ADPE and telecommunications resources/software development/facility and the shortcomings inherent in the current situation. - Describe the benefits to be realized from the proposed capital investment. - Indicate whether an economic analysis has been performed and, if not, why not. Summarize the net present value advantages of the proposed investment over alternatives considered and discarded. Be prepared to provide a copy of supporting economic analysis upon request. - For MilCon projects, provide a copy of the supporting Form 1391 for new projects not previously submitted or identified. - Describe the impact of not making the proposed capital investment. - For computer software, separately identify license fees. 											

Exhibit Fund-9b Business Area Capital Purchase Justification

Instructions for the Preparation of Exhibit Fund-9b
Capital Investment Justification

I. General

A. The purpose of this exhibit is to provide detailed cost data and narrative justification in support of each line item in Fund-9a. Separately justify each capital investment which costs \$500,000 or more. It is important that the Fund-9b be complete and accurate as it is the primary justification for business capital purchases.

B. Separate Fund-9b exhibits will be submitted for each line item on the Fund-9a where there is an entry in either the current year or budget year(s) columns.

II. Headings

A. For "Budget Estimate Submission," insert "FY XX OSD/OMB submission" (XX is used for illustration purposes only. Insert the applicable fiscal year in lieu of XX.)

B. Identify the applicable Component/Business Area for the proposed capital investment. Use the approved Business Operating Fund name for the business area. Identify the activity that will benefit from the capital item; if possible. Specific activities need not be identified for Equipment, ADPE, and telecommunications resources, Software Development, and Minor Construction Purchases costing under \$300,000 each.

C. For each item (e.g., five new forklifts), indicate the item description contained in Exhibit Fund-9a.

D. Line Item No. & Item Description. Enter a line item identification number to cross-reference the corresponding entry on the Fund-9a along with a description of the investment.

III. Column Entries

A. Element of Cost. Purchases of equipment and systems often require more than one procurement action to complete the program or, if only one contract is involved, there may be several cost elements such as the end item itself, publications, installation, minor construction support, etc. Each of these elements should be shown separately in the "Elements of Cost" section with related costs shown separately under the total cost sections. Quantity and unit cost should be shown for these elements when appropriate.

B. Quantity. The quantity related to any cost element should be stated in units. Cost columns will be totaled.

C. Per Unit Cost. Enter the actual or estimated unit cost, when appropriate, for each element listed. Express unit costs in thousands of dollars, to the nearest tenth (i.e., \$20.1 thousand). Unit costs should be expressed in terms of "then year" costs.

D. Total Costs. Enter the total cost of each building block entry taking into consideration quantity to be procured/estimated to be procured and unit costs.

IV. Narrative Justification

- A. Provide complete narrative description for each applicable item. The description should include, but not be limited to, the nature, purpose, and intended use of the item. This narrative justification should include sufficient information to serve as the sole justification for funding the item. The narrative must indicate whether a pre-investment economic analysis was performed. The narrative must also indicate the dollar value of associated estimated savings/cost avoidance after the equipment is installed or the project is complete and the fiscal year when the savings/cost avoidance should begin. If no savings/cost avoidance should result from the purchase, an explanation must be provided to indicate why. The narrative must also provide a clear, concise statement relating planned procurement to the total objective for the applicable item/program. For example, the total objective for a type of supply management equipment might be 40 units at an estimated cost of \$300,000 each for a total cost of \$12.0 million. Ten units have been procured in prior years, 15 units are included in the budget year, leaving 15 units to be procured in subsequent years. If the items are to be used/installed at more than one Activity, a list of the applicable Activities that are to receive the equipment/system should be provided.

Capital Investment and Financing Summary

Component: _____

Business Area: _____

(Dollars in Thousands)

Category: _____

	Fiscal Year					Outyears	Total Program
	PY-X	PY	CY	BY1	BY2		
Program Year Authority	100	125	140	150	160		
Program Year Obs (\$/%)							
PY-X	80/80%	20/20%					100/100%
PY		100/80%	25/20%				125/100%
CY			100/79%	20/14%	10/7%		140/100%
BY1				115/77%	35/23%		150/100%
BY2					120/75%	40/25%	160/100%
Total by FY	80	120	135	135	165	40	
Program Year Outlays (\$/%)							
PY-X	40/40%	40/40%	20/20%				100/100%
PY		50/40%	50/40%	25/20%			125/100%
CY			55/39%	45/32%	30/21%	10/8%	140/100%
BY1				60/40%	60/40%	30/20%	150/100%
BY2					65/41%	95/59%	160/100%
Total by FY	40	90	125	130	155	135	
Program Yr. Unoblig Balance							
PY-X	20						N/A
PY		25					N/A
CY			30	10			N/A
BY1				35			N/A
BY2					40		N/A
Total by FY	20	25	30	45	40		N/A
Program Year Unexpend Obs							
PY-X	40	20					
PY		50	25				
CY			55	30	10		
BY1				55	30		
BY2					55		
Total by FY	40	70	80	85	95		

A separate page will be submitted for each category of Capital Purchases as well as a summary page. The categories are Equipment-Non-ADPE, Equipment-ADPE and Telecommunications, Minor Construction, and Software Development. (PY-X should go back to, and include, FY 1992. Although the sample exhibit reflects program year obligations of 100% of CY, PY, and PY-X program authority, that need not be the case; CY, PY, and PY-X program year obligations should reflect your best estimates.)

Exhibit Fund-9c Capital Investment and Financing Summary

Department of (Component Name)
 Business Area: _____
 FY 19____
 FY 19 _____ Budget Estimate

PROJECTS ON THE FY ____ PRESIDENT'S BUDGET

		(Dollars in Millions)				
<u>FY</u>	<u>Approved Project</u>	<u>Reprogs</u>	<u>Approved Proj Cost</u>	<u>Current Proj Cost</u>	<u>Asset/Deficiency</u>	<u>Explanation</u>
	Equipment except ADPE and TELECOM					
	Equipment - ADPE and TELECOM					
	Software Development					
	Minor Construction					
	Total FY ____					

Instructions:

Complete the form for each fiscal year required in the Budget Submission. The "Approved Project Column" is the program approved in the President's Budget.

FY	Fiscal Year of the Project.
Approved Project	Project title and amount from the President's budget.
Reprogs	Amount of reprogramming which have occurred since the President's budget.
Approved Project Cost	Approved Project Cost plus/minus Reprogramming.
Current Proj Cost	Current estimate of project cost
Asset/Deficiency	Asset: funds excess to current project cost estimate. Excess funds may be reprogrammed to other projects that show a deficiency in this column.

Prepare the Fund-9d exhibit to show the changes between the FY PY President's Budget Submission the FY BY1/BY2 OSD/OMB Budget Submission.

Exhibit Fund-9d Capital Budget Execution

Price Changes
Component: _____
Business Area: _____
Date: _____

<u>Output</u>	<u>FY CY</u>	<u>Rate/Price Change (%)</u> <u>FY BY1</u>	<u>FY BY2</u>
---------------	--------------	---	---------------

Output 1	Break each rate change into its detailed components (i.e., general inflation, productivity, etc.) on a percentage basis. Rate changes should be consistent with Fund-2.		
----------	---	--	--

Output 2

Etc.

Explanation

This exhibit should list each output and the computed change in customer price from the previous year. The components of price contributing to changes in customer prices should be explained. All Fund customer rates for FY CY will be those reflected in the President's budget. FY BY1 and FY BY2 price changes should be based on cost reflected in this submission to achieve an accumulated operating result (AOR) of zero in both FY BY1 and FY BY2.

Exhibit Fund-10 Price Changes

BUSINESS AREA ANALYSIS
COMPONENT/BUSINESS AREA: _____
SOURCE OF REVENUE
(Dollars in Millions)

FY PY

FY CY

FY BY1

FY BY2

1. New Orders
 - a. Orders from DoD Components:
Own Component
Appn 1
Continue List by Appropriation
Other Services (List by Appropriation)
 - b. Orders from other Fund Business Areas
(List by Business Area)
 - c. Total DoD
 - d. Other Orders:
Other Federal Agencies
Trust Fund
Non Federal Agencies
Foreign Military Sales

Total New Orders

2. Carry-In Orders
3. Total Gross Orders
4. *Funded Carry-over*
5. Total Gross Sales

Exhibit Fund-11 Source of Revenue

Instructions for the Preparation of Exhibit Fund-11
Source of Revenue

This Exhibit will identify the customers of each business area at the level of detail indicated. Appropriated fund customers should be identified at the appropriation level. Be specific as to the source of funding. Entries such as OSD or Army are not acceptable on this Exhibit. Lack of specificity will indicate that the funding source is unknown and may not be considered as a legitimate source of funding. The identification will be on the basis of funded orders so that business area activity may be linked to the appropriations for goods and services.

For line 1.a (Orders from DoD Components), show the amounts by appropriation (e.g., Army National Guard Operation and Maintenance, Army RDT&E, etc.) for orders accepted within the submitting Service/Component. For orders accepted from other Components, show the appropriation detail for significant customers.

For line 1.b (Orders from Other Fund Business Areas), show the orders accepted from other Defense Business Operations Fund Business areas. Be specific as to the business area.

Total New Orders on Line 1 must match data provided in the OP-32, R-32, and P-32 exhibits.

For line 2, display the carry-in orders from prior fiscal years. *For the Supply Management business areas, carry-in orders represent back orders.*

For line 3, add the sum of lines 1 and 2.

Line 4 should equal orders from line 3 that will not be sold in the current year. *For the Supply Management business areas, funded carry-over represents backorders.*

Line 5 will equal total gross sales shown on the Revenue and Expense Statement.

Components will submit summary Fund-11 exhibits for business areas (such as Navy Research and Development) that have subdivisions and will submit a summary Fund 11 at the Component level.

Performance and Quality Measures

Component _____

Business Area _____

Output Measure _____

Performance Effectiveness Measure Definitions

<u>Category</u>	<u>Title</u>	<u>Description</u>
1. Net Operating Results (NOR)		
2. Timeliness		
3. Quality		
4. Customer Satisfaction		

Provide a brief description of the performance measure and identify the source of the data. Include how the measure will be used to influence work process improvement, customer feedback, and management control.

Performance Measures

<u>Performance Measure</u>	<u>Goal</u>	<u>FY PY Actual</u>	<u>FY CY Estimate</u>	<u>FY BY1 Estimate</u>	<u>FY BY2 Estimate</u>
----------------------------	-------------	---------------------	-----------------------	------------------------	------------------------

Criteria: These measures should identify the critical characteristics of the product or service from the customer's perspective for business areas. Each business area should use the performance effectiveness measures submitted in the March 1, 1993, Milestone II Report to Congress and those measures mandated for use in financial statements by the Chief Financial Officers Act. Each performance effectiveness measure should: (1) describe the final product as it is received by the customer, (2) be a discrete straightforward indicator, (3) be critical to the outcome goals, (4) be controllable by the business activity manager, (5) be distinguishable from work process measures, and (6) be automated to the maximum extent possible. Measures of subprocesses or internal operations should not be used unless they have a major predictable impact on the final output characteristics. Timeliness measures are typically expressed as average days it takes for a customer to receive a product or service or as the percentage goods or services provided within prescribed time frames. Quality measures gauge conformance to objective use requirements and are typically expressed as the number of defects in the product as reported by the customer or number of customer complaints reported. Customer satisfaction is a measure of conformance to customer expectations. Customer satisfaction is best measured directly with customer surveys.

Exhibit Fund-12 Performance & Quality Measures

CASH MANAGEMENT PLAN

Component: _____

Business Area: _____

(Dollars in Thousands)

Provide a monthly cumulative phasing of disbursements, collections, and net outlays for the current and budget year columns.

	<u>Disbursements</u>	<u>Current Year Collections</u>	<u>Net Outlays</u>	
October				
November				
December				
January				
February				
March				
April				
May				
June				
July				
August				
September				
	<u>BY1/BY2 Disbursements</u>	<u>BY1/BY2 Collections</u>	<u>BY1/BY2 Net Outlays</u>	(one for each year)
October				
November				
December				
January				
February				
March				
April				
May				
June				
July				
August				
September				

Exhibit Fund-13 Cash Management Plan

DEFENSE BUSINESS OPERATIONS FUND

COMPONENT/BUSINESS AREA: _____

REVENUE AND EXPENSES

(Dollars in Millions)

	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY1</u>	<u>FY BY2</u>
Revenue				
Gross Sales	XX,XXX.X ^{A/}			
Operations	(XX,XXX.X)			
Capital Surcharge	(XX,XXX.X) ^{B/}			
Depreciation excluding Major Construction	(XX,XXX.X)			
Major Construction Depreciation	(XX,XXX.X)			
Other Income	XXX.X ^{C/}			
Refunds/Discounts (-)	- XXX.X			
Total Income:	XX,XXX.X			
Expenses				
Cost of Material Sold from Inventory	XX,XXX.X ^{D/}	(DeCA Resale and Supply Management Only)		
Salaries and Wages:				
Military Personnel Compensation & Benefits	XX,XXX.X			
Civilian Personnel Compensation & Benefits	XX,XXX.X			
Travel & Transportation of Personnel	XX,XXX.X			
Materials & Supplies (For internal Operations)	XX,XXX.X			
Equipment	XX,XXX.X			
Other Purchases from Revolving Funds	XX,XXX.X			
Transportation of Things	XX,XXX.X			
Depreciation - Capital	XX,XXX.X ^{E/}			
Printing and Reproduction	XX,XXX.X			
Advisory and Assistance Services	XX,XXX.X			
Rent, Communication, Utilities, & Misc. Charges	XX,XXX.X			
Other Purchased Services	XX,XXX.X			
Total Expenses	XX,XXX.X			
Operating Result	XX,XXX.X ^{F/}			
Less Capital Surcharge Reservation	XXX.X ^{G/}			
Plus Appropriations Affecting NOR/AOR	X,XXX.X ^{H/}			
Other Changes Affecting NOR	X,XXX.X ^{I/}			
Net Operating Result	XX,XXX.X ^{J/}			
Other Changes Affecting AOR	XX,XXX			
Accumulated Operating Result	XX,XXX.X			

Note: For Supply Management, expense estimates should be consistent with estimated surcharge elements included in Exhibit SM-5a except for the current year. Current year should reflect current estimates and should not necessarily be identical to the previous budget submissions as required for the SM-5a.

Exhibit Fund-14 Revenue and Expenses

Instructions for Statement of Revenue and Expenses
Keyed to Statement Footnotes

- A. For supply management business areas, the line should reflect net sales at standard.
- B. Capital Surcharge represents the increase in prices (and projected revenue) due to surcharging the capital budget requirement to provide sufficient cash to support the capital budget. This line should be left blank if a capital surcharge is not included in price (also see note F).
- C. Other income is to include pass-throughs.
- D. Cost of material sold from inventory includes the value of material sold from inventory and the cost of repair. Both wholesale and retail costs should be included. *The cost of material sold from inventory will be computed differently for wholesale and retail divisions. For wholesale divisions, the surcharge shall be subtracted from the sale and the inflation added. For consumable items, the intent is to reflect anticipated sales at latest acquisition price plus inflation. For repairable items, the computation becomes more complex. Sales for repairable items shall be split between sales at standard and sales at exchange price. For sales at standard, the surcharge is removed from the sales and inflation is added similar to consumable items. For sales at exchange price, the cost of material sold reflects the sales at repair cost including rate changes for the appropriate year. For retail divisions, the cost of material sold from inventory is the obligations recorded during the fiscal year.*
- E. Depreciation expenses reflect actual or estimated depreciation of all assets defined by the capital program.
- F. This represents the "gross" result from operations, prior to adjustments.
- G. Capital Surcharge reservation here should offset capital surcharge in revenue. This line is left blank when there is no capital surcharge revenue.
- H. This represents any appropriations realized to offset current period expenses (e.g., appropriations to cover underutilized plant capacity). Appropriations for war reserve material do not offset current period expenses, do not affect NOR, and should therefore be reported as an adjustment below NOR.
- I. This represents (1) transfers to correct for prior period over- or underpricing, (2) other approved transfers for collections from customers for which an expense has not been recorded, (3) other collections (that are not transferred out, but placed in some sort of reserve) from customers for which an expense has not been recorded, or (4) for unfunded expenses resulting from a policy change, which must be deleted prior to determining NOR.
- J. The Net Operating Result (NOR) is the net result from operations. Only NOR will be carried into AOR in the Government Equity portion of the balance sheet. We are using NOR as a performance indicator of how business areas perform in relation to the standard established.

For the supply management business areas, expenses shall be recorded as obligations, except for depreciation and cost of material sold from inventory.

Additional line entries are required for supply management business areas. For each element in the surcharge applying to material such as condemnations or inventory maintenance, a separate line should be added reflecting the obligations for these items.

Instructions for the Preparation of Exhibit Fund-15 Fuel Data

The purpose of Fund-15, Fuel Data, is to provide a reconciliation between the supply management, the Defense Logistics Agency, and the customer budgets. Prepare Fund-15 for prior year actual, current year, and budget year. The Defense Stock Fund will prepare the exhibit for those stocks procured by DFSC only. Prepare exhibit for each division which procures fuel and a consolidated exhibit. Instructions for preparation of Fund-15, Fuel Data:

1. Barrels. Use 42 gallons per barrel. Show barrels in nearest tenth of million barrels.
2. Cost Per Barrel. Use cost in dollars and cents per barrel.
3. Extended Price. Multiply number of barrels by cost per barrel. Use dollars in millions and tenths of a million.
4. Product. List by product.
5. Stabilized Price. Show current approved stabilized price.

DEFENSE BUSINESS OPERATIONS FUND
COMPONENT/BUSINESS AREA: _____

MATERIAL INVENTORY DATA

(Dollars in Millions)
FISCAL YEAR

		----- Peacetime -----	
<u>Total</u>	<u>Mobilization</u>	<u>Operating</u>	<u>Other</u>

Material Inventory BOP

Purchases

- A. Purchases to Support Customer Orders (+)
- B. Purchase of long lead items in advance of customer orders (+)
- C. Other Purchases (list) (+)
- D. Total Purchases

Material Inventory Adjustments

- A. Material Used in Maintenance (and billed/charged to customer orders) (-)
- B. Disposals, theft, losses due to damages (-) *
- C. Other reductions (list) (-)
- D. Total inventory adjustments

Material Inventory EOP

Complete one exhibit for each fiscal year, FY PY, FY CY, FY BY1, and FY BY2 for the **non-supply** business areas (depot maintenance, etc.). Price inventory based on current policy on inventory valuation.

* This would also include reductions due to obsolescence. All other reasons for inventory reductions would be listed in item C.

Exhibit Fund-16 Material Inventory Data

DEPARTMENT OF (COMPONENT NAME)

Business Area: _____

Summary of Real Property Maintenance Expenses
(\$ in Millions)

FY PY FY CY FY BY1 FY BY2

Amount Funded:

Recurring Maintenance (preventive/cyclical)

Major Repair Projects (put things back to the way they were)

Total Funded Amount

Backlog - End of Year (BMAR) (not more than 4 years old)

[Provide narrative explanations of changes in the funded program and the unfunded backlog. Also discuss existing policies, if any, relative to acceptable levels of backlogs or goals to eliminate backlogs, as applicable. Provide milestones where appropriate.]

Exhibit Fund-17 Summary of Real Property Maintenance

Fund Summary by

Component: _____

Date: _____

(\$ in Millions)

Part I Operating and Capital Budget

<u>Business Area</u>	Operating Budget (<u>Total Cost</u>)			Capital Budget (<u>Obligations</u>)			Appropriation <u>Request</u>		
	<u>PY</u>	<u>CY</u>	<u>BY1</u>	<u>PY</u>	<u>CY</u>	<u>BY1</u>	<u>PY</u>	<u>CY</u>	<u>BY1</u>
			<u>BY2</u>			<u>BY2</u>			<u>BY2</u>

Summarize data from detail schedules. Round data to the nearest tenth of a million (e.g., show \$10.4 million, not \$10 million).

Component Total

Part II Work Load Assumptions

Indicate, by business area, the overall work load change (in percent) from year to year. Describe the basis for the estimated changes.

Part III Productivity Assumptions Incorporated into Estimated Costs and Prices

Summarize, by business area and in percentage terms, the estimated productivity assumed in estimating costs and setting prices.

Part IV Performance Measures

Summarize, by business area, primary performance measures for business outputs which describe effectiveness, timeliness, quality, or customer satisfaction.

Exhibit Fund-18 Fund Summary

**Military and Civilian Personnel
by End Strength and Full-Time Equivalencies (FTEs)**

Service or Agency: _____

Business Area: _____

Personnel Summary:	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY1</u>	<u>FY BY2</u>	<u>Change FY CY/FY BY1</u>	<u>Change FY BY1/FY BY2</u>
---------------------------	--------------	--------------	---------------	---------------	--------------------------------	---------------------------------

Active Military End Strength

- Army
 - Officer
 - Enlisted
- Navy
 - Officer
 - Enlisted
- Marine Corps
 - Officer
 - Enlisted
- Air Force
 - Officer
 - Enlisted

1/ Military end strength will agree with the amounts shown on the Fund-20 Exhibit entitled, "Military Personnel, End Strength by Grade."

Total Active Military End Strength 1/

Civilian End Strength

- U.S. Direct Hire
- Foreign National Direct Hire
- Foreign National Indirect Hire
- Total Direct Hire

2/ Civilian end strength and FTE data will agree with the directly funded amounts reflected on lines 1 through 5 of the Fund-21 Exhibit entitled, "Civilian Personnel Costs by Business Area."

Total Civilian End Strength 2/

Exhibit Fund-19 Military and Civilian Personnel by End Strength and FTEs

**Military and Civilian Personnel
by End Strength and Workyears/FTEs**

Service or Agency: _____

Business Area: _____

<u>Personnel Summary:</u>	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY1</u>	<u>FY BY2</u>	Change <u>FY CY/FY BY1</u>	Change <u>FY BY1/FY BY2</u>
---------------------------	--------------	--------------	---------------	---------------	-------------------------------	--------------------------------

Military Workyears

Army
Officer
Enlisted

Navy
Officer
Enlisted

Marine Corps
Officer
Enlisted

Air Force
Officer
Enlisted

Total Military Workyears

Civilian FTEs

U.S. Direct Hire
Foreign National
Direct Hire

Total Direct Hire

Foreign National Indirect Hire

Total Civilian FTEs

**Military Personnel, End Strength by Grade 1/
Total Program**

Service or Agency: _____
Business Area: _____

FY PY

FY CY

FY BY1

FY BY2

Commissioned Officers

0-10 (enter rank)
0-9 " "
0-8 " "
0-7 " "
0-6 " "
0-5 " "
0-4 " "
0-3 " "
0-2 " "
0-1 " "
Total

Warrant Officers

W-4 (enter rank)
W-3 " "
W-2 " "
W-1 " "
Total

Total Officers

Enlisted Personnel

E-9 (enter rank)
E-8 " "
E-7 " "
E-6 " "
E-5 " "
E-4 " "
E-3 " "
E-2 " "
E-1 " "
Total

- 1/ Excludes active duty personnel paid from Civil Functions, Reserve, and Guard appropriations.
2/ Entry rank if different from Service.

Exhibit Fund-20 Military Personnel, End Strength by Grade (Active)

Service or Agency: _____
Business Area: _____

Civilian Personnel Costs by Business Area
FY BY1/FY BY2 Budget Submit/President's Budget
FY (FY/CY/BY1/BY2)
(\$ in Thousands)

FTE Begin Strength	FTE End Strength	Total FTP	FTEs	Basic Comp	Over- time Pay	Holiday Pay	Other	Total Variables	Total Comp	Benefits	Compensation & Benefits	
a	b	c	d	e	f	g	h	i	j	k	l	m

1. Direct Hire Civilian:
a. U.S. Employees
(1) Classified & Admin

(a) Senior Executive
(b) General Schedules
(c) Special Schedules
Subtotal Classified & Admin

(Rate)

(2) Wage Board

(Rate)

(3) Other

(Rate)

Subtotal U.S. Employees

(Rate)

b. Foreign National Direct Hire

(Rate)

c. Total Direct Hire

(Rate)

d. Disadvantaged Employment

(Rate)

2. Foreign National Indirect Hire

(Rate)

3. FN Separation Liability Accrual

a. FN Direct Hire

b. FN Indirect Hire

4. Benefits for Former Employees (OC-13)

a. U.S. Direct

b. FN Direct Hire

5. TOTAL CIVILIAN PERSONNEL

(Rate)

Use these formulas to calculate average salaries and rates (col x/col y)

(f/d)

(j/f)

(k/d)

(l/f)

(m/d)

Do not display FTP or benefit data for FN Indirect Hire

Exhibit Fund-21 Civilian Personnel Costs by Business Area

CIVILIAN PERSONNEL COSTS

Fund-21 Exhibit Instructions

Separate Fund-21 exhibits must be prepared for PY, CY, BY1, BY2 for each Military Department in total and for each appropriation/fund in which civilian personnel are funded. Exhibit Fund-21 is a modified OP-8 Exhibit. *A modified OP-8 Exhibit can be submitted in lieu of the Fund-21 Exhibit.*

Rate data on the Fund-21 exhibit should be shown parenthetically. To calculate the required rate data, use the formulas displayed on the Fund-21 Exhibit. Show the average salary for Basic Compensation, overall salary for Total Compensation, and FTE cost for Compensation and Benefits. Show the other rate data, as a percentage in decimals to five places, for total variables and benefits.

Full-time equivalent end strength (FTE) vice end strength authorizations will be displayed for all beginning and ending end strengths. FTE end strength is the actual or estimated number of employees on board as of 30 September. The beginning FTE end strength must agree with previous FYs 30 September FTE end strength.

Do not display end strength for disadvantaged employment since they are not included in the Department's end strength total. Components are not to budget for disadvantaged employment. Disadvantaged employment FTEs (workyears) are to be financed within available resources. For both the OSD submission and the President's budget submission, display disadvantaged employment FTEs and funding for the PY only. Do not display disadvantaged employment FTEs or funding in the CY, BY1, or BY2 exhibits.

In accordance with the Federal Employees Part-Time Career Employment Act of 1978 (Public Law 95-437), only part-time permanent employees are counted on a full time equivalent basis, i.e., an individual working 30 hours a week becomes .75 of an end strength. There is no adjustment for other part-time or intermittent employees - these employees would be counted on an individual basis not on a fractional basis.

Consult either DoDI 7330.18 or the Office of Personnel Management's Federal Personnel Manual (FPM) for definitions of full-time employees with permanent appointments (FTP). FTP (Full-Time Permanent), according to OMB Circular A-11, is the number of full-time employees with permanent appointments that are on board, or planned to be on board, as of the end of each fiscal year displayed. Such entries will exclude anticipated vacancies. Do not display FTP for Indirect Hire Foreign Nationals. Consult the DoDI or FPM to determine if your Foreign National Direct Hire employees are considered FTP employees.

Do not include overtime workyears in FTE totals. The FTEs on the Fund-21 exhibit are straight-time FTEs only. Where applicable, the BA-3 exhibit supporting the President's budget must agree with the FTE on the automated computer reports printed from the "Budget Review System" (BRS) and with the personnel summary data included in the program and financing schedules (galleys) for the printed budget. (See OMB Circular A-11.)

For the PY supporting the FY BY President's budget request, the end strength data must agree with the SF-113A, Monthly Report of Federal Civilian Employment, provided to OPM to report military functions employment levels as of 30 September.

-Direct hire FTE end strength data on the Fund-21 exhibit must agree with data provided on the 30 September supplement to the SF-113A report. This supplement is entitled, Report of Part-Time Permanent Employees on a Fractional Basis.

-Indirect hire end strength data must agree with the Indirect Hire supplement to the 30 September SF-113A report.

-The FTP end strength data must agree with data provided on line 30, Full-Time with Permanent Appointments, of the 30 September SF-113A.

Civilian Personnel Direct Funding (#7) will be total Civilian Personnel (#5) less reimbursable funding (#6). Provide end strength, FTE, and funding reimbursable data for all of the columns. Appropriations/funds (e.g., Defense Business Operations Fund, etc.) that are not funded with budget authority show all of the data as reimbursable so that "0" will be displayed in every column on the "Civilian Personnel Direct Funding" (#7) line.

DEPARTMENT OF (COMPONENT NAME)

Business Area: _____

Summary of Base Support
(\$ in Millions)

	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY1</u>	<u>FY BY2</u>
Chapel & Chaplain Services				
Command Element				
Common Use Facility Operations,				
Maintenance, Repair, & Construction				
Disaster Preparedness				
Environmental Compliance				
Fire Protection				
Libraries				
Morale & Fitness Support				
Police Services				
Safety				
Shuttle Services				
Admin Services				
Audio/Visual Services				
ADP/Automation Services				
Civilian Personnel Services				
Clubs				
Communication Services				
Community Support Services				
Confinement & Detention Centers				
Custodial Services				
Education Services				
Engineering Support				
Equipment, Operation, Maintenance, & Repair				
Explosive Ordnance				
Facilities & Real Property Support				
Facility Maintenance & Repair				
Finance & Accounting				
Food Services				
Health Services				
Housing & Lodging Services				
Information Services				
Installation Retail Supply & Storage Operation				
Laundry & Dry Cleaning				
Legal Services				
Military Personnel Support				
Mobilization Support				
Mortuary Services				
Printing & Reproduction				
Purchasing & Contracting Services				
Refuse Collection & Disposal				
Resource Management				
Training Services				
Transportation Services				
Utilities				
Weather Services				
Other Support				

Provide narrative explanations of changes in levels of support that, as a tenant, is a reimbursable cost of operation paid to a host activity or, as the host activity, is financed as a direct cost of operation.

Exhibit Fund-22 Summary of Base Support

Department of: (Service or Component Name)

Business Area: _____

Statement of Financial Condition
Part I

(Dollars in Millions)

FY PY FY CY FY BY1 FY BY2

Revenues and Financing Sources

1. Appropriated Capital Used
2. Revenues from Sales of Goods and Services
 - a. Gross Revenue from Sales
 - b. Less: Credits Allowed on Sales
3. Other Revenue and Financing Sources
4. Total Revenues and Financing Sources

Expenses

5. Program or Operating Expenses
6. Cost of Goods Sold and Services Provided
7. Depreciation and Amortization
8. Bad Debts and Write-offs
9. Other Expenses
10. Total Expenses
11. Revenue Less Cost Incurred Before Extraordinary Items
12. Plus (Minus) Extraordinary Items
13. Net Operating Results
14. Plus (Minus) Nonrecoverable Amounts
15. Recoverable Operating Results

Exhibit Fund-23 Statement of Financial Condition

Department of: (Service or Component Name)

Business Area: _____

Statement of Financial Condition
Part II

(Dollars in Millions)

FY PY FY CY FY BY1 FY BY2

Assets:

Selected Assets:

Cash

(Available for Operations)

(Required for Capital Purchases)

Accounts Receivable

Advances Made

Inventories

Other Assets

Capital Property (Net)

Total Assets

Liabilities:

Selected Liabilities:

Accounts Payable

Accrued Liabilities

Advances Received

Unfunded Liabilities

Other Liabilities

Total Liabilities

Government Equity:

Appropriations/Reappropriations

Paid-in Capital (Assets Capitalized

Less Liabilities Assumed)

Earnings Used for Operations

Accumulated Operating Results

Total Government Equity

Total Liabilities and Equity

DEPARTMENT OF (COMPONENT NAME)

BUSINESS AREA: _____

Summary of Personnel Data - Part I

	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY1</u>	<u>FY BY2</u>
<u>Direct Labor:</u>	Show civilian personnel data in hours, <i>FTEs</i> , workyears, or end strength, as requested. Exclude military personnel from all data.			
Regular Hours				
Paid Leave Hours				
Overtime Hours				
Total Hours				
<i>FTEs</i>	Compute <i>FTEs</i> by dividing the applicable total number of hours by the number of hours in a work year.			
<u>Production Overhead (Indirect):</u>	Show the percent of total <i>FTEs</i> which are direct labor, production overhead, general & administrative, and the sum of production overhead plus general and administrative <i>FTEs</i> .			
Regular Hours				
Paid Leave Hours				
Overtime Hours				
Total Hours				
<i>FTEs</i>	Show the number of hours per <i>FTE</i> used to convert hours to <i>FTEs</i> for each fiscal year.			
<u>General & Administrative (G&A):</u>	Show total end strength levels.			
Regular Hours				
Paid Leave Hours				
Overtime Hours				
Total Hours				
<i>Full-time Equivalencies (FTEs)</i>	$\frac{\text{E/S Begin year} + \text{E/S End Year}}{2}$			
<u>Total:</u>				
Regular Hours				
Paid Leave Hours				
Overtime Hours				
Total Hours				
<u>Total FTEs:</u>				
Percent Direct Labor				
Percent Production Overhead				
Percent G&A Labor				
Percent Production Overhead and General and Administrative				
<u>Hours per FTE</u>				
<u>End Strength</u>				
<u>FTE Utilization Rate</u>				

Exhibit Fund-24 Summary of Personnel Data

DEPOT MAINTENANCE
DEPARTMENT OF (COMPONENT NAME)
BUSINESS AREA: _____

Summary of Personnel Data - Part II

	<u>Civilian Personnel</u> FTEs	<u>Military Personnel</u> Workyears
1. FY PY Actual Levels: (Direct Labor) Production Overhead) (General & Administrative)	Enter total FY PY FTEs. Also show FTEs by direct labor, production overhead, and general and administrative efforts.	
2. FY CY President's Budget (Direct Labor) (Production Overhead) (General & Administrative)	Enter total FY CY FTEs provided for in the FY CY President's budget. Also show FTEs by direct labor, production overhead, and general and administrative efforts.	
3. Productivity Initiatives and Other Efficiencies: a. b. c. (etc.)	Show changes in FY CY FTEs due to productivity initiatives or other efficiencies.	
4. Program Changes: a. b. c. (etc.)	Show changes in FY CY FTEs due to all changes other than productivity initiatives or other efficiencies shown in 3. above.	
5. FY CY Current Estimate (Direct Labor) (Production Overhead) (General & Administrative)	Enter total FY CY FTEs provided for in the current FY CY estimate. Also show FTEs by direct labor, production overhead, and general and administrative efforts.	
6. Productivity Initiatives and Other Efficiencies: a. b. c. (etc.)	Show changes in FY BY1 FTEs due to productivity initiatives or other efficiencies.	
7. Program Changes: a. b. c. (etc.)	Show changes in FY BY1 FTEs due to all changes other than productivity initiatives or other efficiencies shown in 6. above.	
8. FY BY1/FY BY2 Estimates (Direct Labor) (Production Overhead) (General & Administrative)	Enter total FY BY1/FY BY2 FTEs by direct labor, overhead, & general & administrative efforts. Provide the same track between BY1 & BY2 as is required between CY & BY1.	

Headquarters

Component: _____
 Business Area: _____
 Date: _____

(\$ in Millions) FY CY FY BY1 FY BY2

Headquarters Organization (specify)

Cost of Operations:

Civilian and Military Personnel
 Travel
 Contract Services
 Supplies
 Equipment
 Other
 Total

Capital Purchases (Program Year Authority):

ADP & Telecommunications Equipment
 Non-ADP & Telecommunications Equipment
 Minor Construction
 Software Development
 Total

End Strength/FTEs:

Civilian
 SES
 GS
 WB
 Total
 Military
 Officers
 Enlisted
 Total

(This exhibit should be filled out for each organizational headquarters whose costs are financed through the Fund, i.e., HQ Staff, Major Command, Intermediate Level Command, or Base Level. Headquarters should include support organizations whose incremental costs are necessitated by the existence of DBOF activities, such as Regions, Service Centers, or Divisions, but which do not directly provide goods or services.)

Exhibit Fund-25 Headquarters Cost

Revenue and Expense Phasing Plan
Component: _____
Business Area: _____

FY _____

(Dollars in Thousands)

	<u>Monthly Plan</u>	
<u>Revenue</u>	<u>Costs</u>	<u>Net Operating Result</u>

October
November
December
January
February
March
April
May
June
July
August
September

Instructions: Provide a monthly and cumulative phasing of revenue, costs, and net operating results for the current and budget years.

Cumulative Plan by Month

<u>Revenue</u>	<u>Costs</u>	<u>Net Operating Result</u>
----------------	--------------	-----------------------------

October
November
December
January
February
March
April
May
June
July
August
September

Exhibit Fund-26 Revenue and Expense Phasing Plan

**Defense Finance and Accounting Service
Customer Funding Summary
Component: _____**

FY _____

<u>Billing Rate (\$)</u>	<u>Estimated Workload</u>	<u>Total Cost (\$ in thousands)</u>
-------------------------------------	--------------------------------------	--

Output Measure

(List DFAS output measures and billing rates for budget years.)

Funding Requirement

Appropriation/Business Area

Amount

(List by appropriation DFAS reimbursements from DBOF business areas)

The Components should provide in their budget narrative an estimate of the DFAS cost for each business area and complete the Fund-27, DFAS Customer Funding Summary.

Exhibit Fund-27 DFAS Customer Funding Summary

EXECUTION PERFORMANCE
Quarterly Analysis

For Quarter: _____

FY CY _____ (Component and Business Area name)					
PERFORMANCE MEASURES	PLAN CURRENT QUARTER	ANNUAL PLAN	PROJECTED END YEAR	PROJECTED DEVIATION	
UNIT COST					

% OF FY PY COSTS					

NOR (\$ in M)					

REVENUE (\$ in M)					
COST (\$ in M)					

OUTLAYS (\$ in M)					

COLLECTIONS (\$ in M)					
DISBURSEMENTS (\$ in M)					

RECEIVABLES (\$ in M)					

ANALYSIS					

This business area has unearned revenue (advance billings) of \$ _____ million.

RECOMMENDED ACTIONS:

YEAR END PROJECTION ASSUMPTIONS:

IMPACT IN FY BY:

Exhibit Fund-28 Execution Performance Quarterly Analysis

**Civilian Personnel Execution Performance
Quarterly Analysis**

Business Area _____ Date _____

	<u>Total End Strength</u>				<u>Total Full-Time Equivalency*</u>				<u>Date(s) of</u>	
	<u>Quarterly Plan</u>		<u>Actual</u>	<u>Deviation</u>	<u>Quarterly Plan</u>		<u>Actual</u>	<u>Deviation</u>	<u>VSIP\</u>	<u>VERA</u>
	<u>Total</u>	<u>FTP</u>	<u>Total</u>	<u>FTP</u>	<u>Total</u>	<u>FTP</u>	<u>Total</u>	<u>FTP</u>		

Beginning Strength
(actual)

First Quarter
(Cumulative by quarter)

Second Quarter

Third Quarter

Fourth Quarter

Annual Total FTEs*

	<u>Attrition</u>		<u>Hiring</u>	
	<u>Planned</u>	<u>Actual</u>	<u>Planned</u>	<u>Actual</u>
	<u>Rate (%)</u>		<u>Rate (%)</u>	

First Quarter

Second Quarter

Third Quarter

Fourth Quarter

* Equals the USD (P&R) goal/target

CHAPTER 10
PUBLIC ENTERPRISE, MANAGEMENT, AND TRUST FUNDS
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CHAPTER 10

PUBLIC ENTERPRISE, MANAGEMENT, AND TRUST FUNDS

1001 GENERAL

100101 Purpose

A. This chapter highlights the policies and justification procedures underlying budget formulation and congressional justification.

B. The following accounts are covered:

Section

1002

Public Enterprise Funds

- National Defense Stockpile Transaction Fund
- Pentagon Reservation Maintenance Revolving Fund
- National Defense Sealift Fund
- Buildings Maintenance Fund

Management Funds

- Navy Management Fund
- Army Conventional Ammunition Working Capital Fund
- Emergency Response Fund

Trust Funds

- National Security Education Trust Fund
- Dept. of the Navy Trust Revolving Funds
- Dept. of the Air Force Trust Revolving Funds
- Surcharge Collections, Sales of Commissary Stores, Defense
(see Section 010603 for listing of all current trust fund accounts)

100102 Background

A. Public Enterprise Funds are expenditure accounts authorized by Congress to be credited with collections, primarily from the public, that are generated by, and earmarked to finance, a continuing cycle of business-type operations.

B. Management Fund Accounts are authorized by law to credit collections from two or more appropriations or funds to finance an activity not involving a continuing cycle of business-type operations. These accounts are permitted to accept receipts and use those receipts to incur obligations and expenditures. Such accounts do not generally own a significant amount of assets (for example, supplies, equipment, loans, etc.), nor do they have a specified amount of capital provided (a corpus of the fund). Receipts from other appropriations or funds provide the budgetary resources of a management fund.

1. Management funds are chartered as prescribed in DoD Instruction 7460.2 in the following situations:

a. An operation or project that is financed by more than one appropriation or fund and whose costs cannot be distributed and charged to the financing appropriations or funds immediately, or

b. An operation or project that is established pursuant to a transfer of functions involving two or more appropriations or funds under authority of law.

2. A management fund is used only to finance operations for which the costs are appropriately chargeable to appropriations or funds of a DoD Component. Projects may encompass participation by organizational units of one DoD Component or of two or more DoD Components. A management fund incurs obligations to provide the required service for the customer. The receipts are normally available in their entirety for use by the management fund to incur obligations and expenditures to execute the required program.

3. A management fund is not approved to finance a new operation or project if other more effective and efficient financing techniques are available. In general, appropriation reimbursements shall be used for operations or projects that do not involve a continuing cycle of operations. In addition, Title

31 U.S.C., section 1534 permits charges to be made against an appropriation temporarily, if necessary, with an accounting adjustment to be made to charge properly the appropriate account before it expires for obligation purposes.

4. The essential differences between a consolidated working fund account and a management fund are that a management fund does not take on the purposes, fiscal characteristics, and limitations of the customers' appropriation or fund. A management fund is normally a "no-year" account. In addition, a management fund can execute an operational program. The principal limitation of a management fund as opposed to a revolving fund is that a management fund cannot be used to finance a continuing cycle of operations but must be used to perform operations that are limited in scope or of a special nature. Management funds are exempted from apportionment by OMB. Examples of management funds in the Department of Defense are:

21X4528 Army Conventional Ammunition Working Capital Fund

17X3980 Navy Management Fund

C. Trust Funds. The following definitions apply to trust fund accounts.

1. Trust fund receipt account. Trust fund receipt accounts are credited with receipts generated by the terms of a trust agreement or statute. At the point of collection, these receipts are available for transfer to a trust fund expenditure account or are not available for transfer depending upon the terms of the trust agreement or statutory authority.

2. Trust fund expenditure account. Trust fund expenditure accounts are established to record amounts appropriated or otherwise made available by transfer from a trust fund receipt account to be obligated and expended in carrying out the specific purposes or programs in accordance with the terms of the trust agreement or statute. Funds transferred or appropriated to a trust fund expenditure account are normally available for obligation and expenditure within the limits imposed by the trust agreement or authorizing statute.

3. Trust revolving fund account. A trust revolving fund is a single account that is authorized to be credited with receipts and incur obligations and expenditures in support of a continuing cycle of business-type operations in accordance with the provisions of the trust agreement or statute. Trust revolving fund receipts are available for obligation and expenditure without further action by Congress.

4. Unavailable collections. Are either (1) unappropriated receipts or receipts that are precluded from obligation because of a provision of law, such as a benefit formula or limitation on obligations in PY, CY, or BY1/BY2, or (2) collections unavailable for obligation because of limitations on obligations in PY, CY, or BY1/BY2. Section 36.6 of OMB Circular A-11 provides instructions on MAX Schedule N on unavailable collections for trust funds and O&M special funds which Federal agencies must include in their annual budget submission to OMB.

100103 General

A. In general, DoD trust funds authorized to incur obligations and expend receipts have been exempted from apportionment by OMB. However, the Surcharge Collections, Sales of Commissary Stores, Defense trust revolving fund, and the National Security Education Trust Fund are subject to apportionment by OMB. However, each trust fund must be viewed as a unique fund in light of any special provisions in the trust agreement or the enabling legislation.

B. Trust funds have been assigned account symbols between 8000 and 8999. Within this range trust revolving funds have been assigned symbols between 8400 and 8499. Some trust funds used by DoD are:

- Air Force Cadet Fund
- Surcharge Collections, Sales of Commissary Stores, Defense
- National Security Education Trust Fund
- Midshipmen's Store, United States Naval Academy

100104 Submission Requirements

General guidance with regard to submission requirements is presented in the DoD Financial Management Regulation (DOD 7000.14-

R), Chapter 1. Chapter 10 covers specific back-up material requirements for the above areas.

100105 Preparation of Material

General guidance with regard to format and preparation of material is presented in the *DoD Financial Management Regulation (DOD 7000.14-R)*, Chapter 1. Chapter 10 provides additional specific guidance with regard to the back-up material required for Public Enterprise, Management Fund and Trust Fund accounts.

100106 References

The DoD Financial Management Regulation (DOD 7000.14-R), Chapter 1 provides funding policies to be adhered to include those that impact other appropriations/accounts. Chapter 9 provides guidance related to Defense Business Operations Fund accounts. Certain exhibits required by this chapter are found in Section 0904 of Chapter 9.

1002 BUDGET ESTIMATES SUBMISSION

100201 Purpose

A. This section highlights the policies and justification procedures underlying budget formulation for Public Enterprise, Management Fund, and Trust Fund accounts.

100202 Submission Requirements

A. Public Enterprise Funds.

1. The Defense Business Operations Fund (Fund) schedules referenced here are in the DoD Financial Management Regulation (DoD 7000.14-R), Chapter 9. Fund budget-type exhibits as noted below should be submitted for the OSD/OMB budget review.

- National Defense Stockpile Transaction Fund
Exhibits Fund-1, 1a, 2, 4, 11, 14, 17, 21, & 23.
- Pentagon Reservation Maintenance Revolving Fund
Exhibits Fund-1, 1a, 2, 3, 7, 9a, 9b, 11, 12, 14, 18, 21 & 23.
- Building Maintenance Fund
Exhibits Fund-1, 1a, 2, 3, 7, 11, 14, 18, 21, & 23.
- National Defense Sealift Fund (NDSF)
Exhibits Fund-1a, 2, 11, & 12.

2. The instructions and formats for the preparation of the NDSF required procurement and RDT&E exhibits are included in the DoD Financial Management Regulation (DoD 7000.14-R), Chapters 4 and 5, respectively.

Procurement/Ship Acquisition:

- Budget Item Justification Sheet (P-40)
- Weapon System Cost Analysis (P-5)
- Analysis of Ship Cost Estimates (P-8a/8b)
- Advance Procurement Analysis (P-10/10a)
- Ship Production Schedule (P-27)
- Ship Outfitting Costs (P-29)
- Ship Post Delivery Estimates (P-30)

National Defense Features (NDF):

- Budget Item Justification Sheet (P-40)

RDT&E:

- Budget Item Justification Sheet (R-2)
- Program Element/Project Cost Breakdown (R-3)

3. Additional data required by OMB Circular A-11 will be submitted in the fall in accordance with annual DoD Comptroller budget guidance.

B. Management and Trust Funds -

For Trust Funds, Trust Revolving Funds and other Management Funds, program and financing, and object classification schedules will be submitted for each account. The budget authority for each trust fund account must agree with the amounts reported against the applicable receipt accounts as required by DoD accounting guidance related to offsetting receipts. The receipt accounts are published in Treasury's Federal Account Symbols and Titles. There is an additional requirement for the Ship's Stores Profit account (8723N), Navy Trust Funds, that the budget authority must be offset by the amount reported in Navy's Interfund account (9082N). For the Defense Commissary Agency, a footnote to the program and financing schedule will show the value of the obligations for renovation/construction of commissaries included in total obligations of the trust revolving fund.

C. Special budget Exhibits - Unique data pertaining to a particular fund are required as follows:

National Defense Stockpile

- Stockpile Financial Status Report (SP-1)

Pentagon Reservation Maintenance Revolving Fund

- Cost of Services (PR-1)
- Summary Statement (PR-2)

Buildings Maintenance Fund

- Cost of Services (PR-1)

Conventional Ammunition Working Capital
Fund

- Summary (CF-1)
- Funded Carryover (CF-2)
- Gain/Loss Position (CF-3)
- Standard Price Gain/Loss Analysis (CF-4)
- Summary of Deobligations (CF-5)
- Deobligations by LAP Facility (CF-6)
- Surcharge Analysis (CF-7)
- Obligation Plan (CF-8)
- Obligation Authority (CF-9)
- FY Budget (CF-10)
- Unfilled Orders by Customer/Program Year (CF-11)

Surcharge Collections, Sales of Commissary
Stores, Defense

- Summary (CT-1)
- Facility Programs Justification (CT-2)

National Defense Sealift Fund (NDSF)

Ready Reserve Force (RRF):

- *Budget Item Justification Sheet (RRF-1)*
- *Ship Composition Funding Requirements (RRF-2)*
- *Ship Readiness Operational Status (ROS) Composition (RRF-3)*

D. Budget exhibits will be submitted in accordance with the schedule published annually in DoD Comptroller budget guidance. Formats and instructions for preparation of the Special Exhibits are provided Section 1004.

E. *All NDSF related budget justification materials should be submitted directly to the Director for Investment, room 4B917. In addition to the DBOF schedules, procurement, and RDT&E exhibits referenced in paragraph 100202.A above, the special exhibits identified above must be included in the NDSF justification budget backup book for both the OSD and Congressional submissions. The backup book should include a table of contents, a computer generated FYDP funding report identifying each business area, and each business area/section should be tabbed.*

1003 CONGRESSIONAL JUSTIFICATION/PRESENTATION

100301 Purpose

This chapter provides the policies and procedures to guide the development of budget justification and supporting narrative to be submitted by Components to the DoD Comptroller in development of congressional justification material.

100302 Submission Requirements

A. Guidance is applicable to the following DoD Public Enterprise, Management Funds, and Trust Funds:

Public Enterprise Funds

- (1) National Defense Stockpile Transaction Fund
- (2) Buildings Maintenance Fund
- (3) Pentagon Reservation Maintenance Revolving Fund
- (4) National Defense Sealift Fund

Management Funds

- (5) Navy Management Fund
- (6) Army Conventional Ammunition Working Capital Fund
- (7) Emergency Response Fund

Trust Funds

- (8) National Security Education Trust Fund
- (9) Dept. of the Navy Trust Revolving Funds
- (10) Dept. of the Air Force Trust Revolving Funds
- (11) Surcharge Collections, Sales of Commissary Stores, Defense

B. The table on the following page presents the exhibit requirements to be submitted as part of the President's budget for the Funds identified in paragraph A. above. Additional budget justification material to accompany the President's budget may be prescribed by separate DoD Comptroller budget guidance.

EXHIBIT/SCHEDULE REQUIREMENTS

<u>Fund</u>	<u>Prog & Financ.</u>	<u>Rev & Exp.</u>	<u>Finan. Cond.</u>	<u>Obj Class</u>	<u>Pers Summary</u>	<u>Status of Contr Auth</u>
(1)	x	x	x	x		
(2)	x	x	x	x	x	
			Fund-2, Fund-11, PR-2			
(3)	x	x	x	x		
			Fund-2, Fund 9a/9b, Fund-11, PR-1, PR-2			
(4)	x			x		
	P-5, P-8a/8b, P-10/10a, P-27, P-29, P-30, P-40, R-2, R-3, RRF-1, RRF-2, RRF-3					
(5)	x					
(6)	x			x		
(7)	x					
(8)	x			x		
(9)	x			x		
(10)	x			x		
(11)	x			x		x

Public Enterprise Funds

- (1) National Defense Stockpile Transaction Fund
- (2) *Building Maintenance Fund*
- (3) Pentagon Reservation Maintenance Revolving Fund
- (4) National Defense Sealift Fund

Management Funds

- (5) Navy Management Fund
- (6) Army Conventional Ammunition Working Capital Fund
- (7) Emergency Response Fund

Trust Funds

- (8) National Security Education Trust Fund
- (9) Dept. of the Navy Trust Revolving Funds
- (10) Dept. of the Air Force Trust Revolving Funds
- (11) Surcharge Collections, Sales of Commissary Stores, Defense

1004 PUBLIC ENTERPRISE,
MANAGEMENT AND TRUST FUND
FORMATS

100401 Purpose

The special formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

100402 Exhibits in Support of Section 1002 - Budget Estimates Submission

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CONVENTIONAL AMMUNITION WORKING CAPITAL FUND

SUMMARY

FY _____

SERVICE, OTHER AGENCY OR GOVERNMENT	TOTAL PROGRAM	AMMUNITION	CAWCF ORDERS				OBLIGATIONS	
			STANDARD AMOUNT	PRICED %	NONSTANDARD AMOUNT	PRICED %	OBLIGATED	% UNOBLIGATED
ARMY								
NAVY								
AIR FORCE								
MARINE CORPS								
DOD SUBTOTAL								
OTHER FED. AGENCIES	xx		xx				100	
FOREIGN MILITARY SALES	xx		xx				100	
OTHER NON-DOD	xx		xx				100	
NON-DOD SUBTOTAL	xx		xx				100	
TOTAL								

Instructions For Exhibit CF-1

Separate exhibits will be submitted for the Prior Year, Current Year, Budget Year 1 (BY1), and Budget Year 2 (BY2). The purpose of the CF-1 is to compare CAWCF orders to the total ammunition budget, standard and nonstandard orders, and to display obligation status.

The obligations section will be left blank for BY1 and BY2. The obligation section for the execution year will reflect planned annual obligations.

Exhibit CF-1 Conventional Ammunition Working Capital Fund Summary

CONVENTIONAL AMMUNITION WORKING CAPITAL FUND
FUNDED CARRYOVER

(DOLLARS IN MILLIONS)		UNOBLIGATED AMOUNT	UNLIQUIDATED OBLIGATIONS
<u>BUDGET CATEGORY</u>			
AMMUNITION COMPONENTS			
LOAD/ASSEMBLE/PACK			
ENGINEERING SUPPORT			
QUALITY ASSURANCE SUPPORT			
PROOF & ACCEPTANCE TESTING			
SUBTOTAL DOD REQUIREMENT			
FMS/OTHER			
SUBTOTAL OF REQUIREMENTS			
NONSTANDARD DOD ORDER VARIANCE			
CUSTOMER ORDER VARIANCE			
TOTAL			

Instructions For Exhibit CF-2

Separate exhibits should be submitted for the Prior Years (cumulative), and the Current Year (estimated). This exhibit provides a budget cost category breakdown of the unobligated and unliquidated amounts. The exhibit also displays nonstandard orders and standard order variances. The total on this exhibit should equal the total unobligated amount on the corresponding CF-1. The unliquidated column of the Current Year exhibit will be left blank.

Exhibit CF-2 Funded Carryover

CONVENTIONAL AMMUNITION WORKING CAPITAL FUND

GAIN/LOSS POSITION

(Dollars in Millions)

OSD
APPROVED
PROPOSED

EXECUTION YEAR (FY __)

ESTIMATED CAWCF POSITION

ESTIMATED DEOBLIGATION

ESTIMATED GAIN/LOSS

CAWCF POSITION END FY

BUDGET YEAR 1 (FY __)

ESTIMATED DEOBLIGATIONS FY

ESTIMATED GAIN/LOSS FY

(Based on standard priced

orders of ____ X % surcharge)

CAWCF POSITION END FY

BUDGET YEAR 2 (FY __)

ESTIMATED FUTURE DEOBLIGATIONS

ESTIMATED GAIN/LOSS FY

CAWCF POSITION END FY

NARRATIVE EXPLANATION OF DEVIATION:

Exhibit CF-3 Gain/Loss Position

Instructions For Exhibit CF-3

This exhibit provides a comparison of the previously approved CAWCF position with that being reflected in the budget submission. The estimated gain or loss position in the budget year will be the surcharge (plus or minus) required to bring the CAWCF position to a zero balance. A narrative explanation will be provided to explain any deviation from the projections previously approved by OSD.

The estimated CAWCF position for the execution year should reflect the difference between the total value of customer orders received and the cost to complete, adjusted for variances exceeding the 10 percent or \$1 million. Adjustments should also be made for CAWCF expenditures that are not charged to a specific customer order, and income from nonstandard customer orders.

The estimated gain or loss will be based on customer orders anticipated in the execution year plus all prior years.

The estimated deobligations for Budget Year 1 and Budget Year 2 will be consistent with the CF-5.

**CONVENTIONAL AMMUNITION WORKING CAPITAL FUND
STANDARD PRICE GAIN/LOSS ANALYSIS BY FISCAL YEAR**

(Dollars in Millions)

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>TOTAL</u>
--	-----------	-----------	-----------	--------------

APPROVED:

GAINS

LOSS

NET

PROPOSED:

GAINS

LOSS

NET

CHANGE:

GAINS

LOSS

NET

Instructions For Exhibit CF-4

This exhibit provides a comparison by fiscal year of previously projected Gain and Loss estimates to that being proposed in the current budget submission. This exhibit will provide individual entries for the current execution year and the two previous years, and a cumulative column summarizing any remaining prior year funds.

Exhibit CF-4 Standard Price Gain/Loss Analysis

CONVENTIONAL AMMUNITION WORKING CAPITAL FUND

SUMMARY OF ESTIMATED DEOBLIGATIONS

(Dollars in Millions)

	<u>EXECUTION YEAR</u>	<u>PROG VALUE</u>	<u>\$ AMT</u>
	<u>%</u>		
FY	DEOBS IN FY	=	
FY	DEOBS IN FY	=	
FY	DEOBS IN FY	=	
FY	DEOBS IN FY	=	
FY	DEOBS IN FY	=	
	Total		
	<u>BUDGET YEAR 1</u>	<u>PROG VALUE</u>	<u>\$ AMT</u>
	<u>%</u>		
FY	DEOBS IN FY	=	
FY	DEOBS IN FY	=	
FY	DEOBS IN FY	=	
FY	DEOBS IN FY	=	
FY	DEOBS IN FY	=	
	Total		
	<u>BUDGET YEAR 2</u>	<u>PROG VALUE</u>	<u>\$ AMT</u>
	<u>%</u>		
FY	DEOBS IN FY	=	
FY	DEOBS IN FY	=	
FY	DEOBS IN FY	=	
FY	DEOBS IN FY	=	
FY	DEOBS IN FY	=	
	Total		

Exhibit CF-5 Summary of Estimated Deobligations

Instructions For Exhibit CF-5

This exhibit reflects a summary of planned deobligations for the Execution Year, Budget Year 1, and Budget Year 2.

The fiscal year of funding planned for deobligation will be listed in the first column. The percent column will reflect the projected deobligations based on historical experience. The program value should be the amount obligated for LAP. The \$ Amt Column is computed by multiplying the percent times the program value.

CONVENTIONAL AMMUNITION WORKING CAPITAL FUND

FY DEOBLIGATIONS BY LAP FACILITY

(Dollars in Millions)

	FY	PROG	DEOBS	%	FY	PROG	DEOBS	%	FY	PROG	DEOBS	%	CUMULATIVE
MILAN													
RADFORD													
INDIANA													
LAKE CITY													
LONGHORN													
HOLSTON													
LONE STAR													
KANSAS													
IOWA													
LOUISIANA													
TOTAL													

Instructions For Exhibit CF-6

This exhibit will be prepared for the three years preceding the execution year. The program value will reflect the value of contract obligations by fiscal year.

Exhibit CF-6 Deobligations by LAP Facility

CONVENTIONAL AMMUNITION WORKING CAPITAL FUND

SURCHARGE ANALYSIS

<u>PROPOSED</u>	PRIOR YEAR-1 ACTUAL AMOUNT %	PRIOR YEAR ACTUAL AMOUNT %	EXECUTION YEAR AMOUNT %	BUDGET YEAR 1 AMOUNT %	BUDGET YEAR 2 AMOUNT %
-----------------	------------------------------------	----------------------------------	-------------------------------	------------------------------	------------------------------

STANDARD ORDERS xx xx xx xx

ENGINEERING

QUALITY ASSURANCE

PROOF & ACCEPTANCE

INDUSTRIAL STOCK SUPPORT

INTERIM TRANS.

TOTAL

NARRATIVE:

Instructions For Exhibit CF-Z

This exhibit provides an analysis of the surcharges and standard price orders.

A narrative explanation should provide the detail of how the proposed surcharge was estimated. The exhibit should also be annotated to indicate which surcharges are sensitive to the total value of anticipated standard price orders.

Exhibit CF-7 Surcharge Analysis

CONVENTIONAL AMMUNITION WORKING CAPITAL FUND

FY__ OBLIGATION PLAN

(Dollars in Millions)

	PRIOR YEAR SERVICE CARRYOVER PRIOR YR	CHG TO ORDERS	NEW AVAILABLE	TOTAL OBLIGATIONS	%
--	--	------------------	------------------	----------------------	---

ARMY

NAVY

AIR FORCE

MARINE CORPS

FMS/OTHER

TOTAL

Instructions For Exhibit CF-8

This exhibit provides an obligation plan by Service for the execution year. The column 2 total should equal the unobligated amount shown on the CF-1 for prior years. Column 3 will reflect changes to prior year orders anticipated in the current year. Column 4 should reflect the total anticipated new orders to be received in the execution year. Column 5 is the sum of Columns 2-4. Column 6 should reflect the total obligations planned for the execution year.

Exhibit CF-8 Obligation Plan

CONVENTIONAL AMMUNITION WORKING CAPITAL FUND

OBLIGATION AUTHORITY

BUDGET YEAR

AMOUNT <u>AVAILABLE</u>	PLANNED <u>OBLIGATIONS</u>	UNOBLIGATED <u>BALANCE</u>
----------------------------	-------------------------------	-------------------------------

PRIOR YEAR CARRY-OVER

EXECUTION YEAR

SUBTOTAL

BUDGET YEAR

TOTAL

Instructions For Exhibit CF-9

Separate exhibits will be submitted for Budget Year 1 and Budget Year 2. This exhibit reflects the estimated obligational authority required for each year. The prior year carryover should equal the unobligated value on the CF-1. The execution and budget year estimates should agree with the CAWCF orders on the CF-1. The planned obligation estimates will reflect the obligations projected in the budget year being addressed.

Exhibit CF-9 Obligation Authority

CONVENTIONAL AMMUNITION WORKING CAPITAL FUND

FY__ BUDGET

COMPARISON OF ORDERS TO SALES (Dollars in Millions)

UNOBLIGATED <u>CARRYOVER</u>	NEW <u>ORDERS</u>	NET <u>SALES</u>	INVENTORY <u>VALUES</u>
---------------------------------	----------------------	---------------------	----------------------------

PRIOR YEAR
APPROVED
ACTUAL 1/

EXECUTION YEAR
APPROVED
PROPOSED

BUDGET YEAR 1
PROPOSED

BUDGET YEAR 2
PROPOSED

TOTAL PROPOSED

1/ AS OF DATE _____

Instructions For Exhibit CF-10

This exhibit provides a summary of customer orders, planned obligations, net sales, and inventory for the prior year, execution year, Budget Year 1, and Budget Year 2. The approval amounts will match that previously approved in the OSD budget. The amounts for the prior year should be annotated to indicate the "as of" date. The prior year column will reflect the cumulative value for all prior years.

Exhibit CF-10 Comparison of Orders to Sales

CONVENTIONAL AMMUNITION WORKING CAPITAL FUND

FY BY1/BY2 BUDGET

ANALYSIS OF UNFILLED CUSTOMER ORDERS BY CUSTOMER AND PROGRAM YEAR

DATA AS OF

<u>Customer</u>	<u>FY82-CY-5</u>	<u>CY-4</u>	<u>CY-3</u>	<u>CY-2</u>	<u>CY-1</u>	<u>CY</u>	<u>Total</u>
	<u>Programs</u>	<u>Program</u>	<u>Program</u>	<u>Program</u>	<u>Program</u>	<u>Program</u>	<u>CAWCF</u>

Army
Unfilled Orders (\$M)
% of Total Orders

Navy
Unfilled Orders (\$M)
% of Total Orders

Marine Corps
Unfilled Orders (\$M)
% of Total Orders

Air Force
Unfilled Orders (\$M)
% of Total Orders

All Other Customers
Unfilled Orders (\$M)
% of Total Orders

Total CAWCF
Unfilled Orders (\$M)
% of Total Orders

Exhibit CF-11 Analysis of Unfilled Customer Orders by Customer and Program Year

INSTRUCTIONS FOR PREPARATION OF EXHIBIT CF-11

ANALYSIS OF UNFILLED CUSTOMER ORDERS BY CUSTOMER AND PROGRAM YEAR

This exhibit is required for the OSD, congressional, and midyear budget submissions. The purpose of the exhibit is to break out Conventional Ammunition Working Capital Fund (CAWCF) unfilled customer orders by customer and by the year in which the order was placed.

For the OSD submission, two versions of the exhibit will be prepared, one version reflecting actual data as of July 31, and a second version reflecting the Army's best estimate of what year-end data will be as of September 30. By November 1, the Army will provide an updated version of the exhibit reflecting actual data as of September 30. A separate exhibit forecasting end-of-year values for the budget years and the year before the budget year will be submitted with the OSD submission.

For the congressional submission, the exhibit will reflect actual data as of September 30.

Data for the five most recent program years will be displayed as individual columns. Data for orders received prior to this five-year period will be consolidated into a single column.

The line entries for orders from the four Services will exclude orders related to foreign military sales. The line for All Other Customers will include orders from other federal agencies, foreign military sales, and nonfederal sources.

The Percent of Total Orders stub entries will be computed by dividing the unfilled orders by the current value of total orders for the given customer/program year combination. The total value should include all filled and unfilled orders, whether open or closed, but should not include canceled orders.

Dollar amounts will be displayed in millions and tenths of millions. Percentages will be displayed to tenths of a percent (i.e., 37.6%).

Total CAWCF unfilled customer orders for all customers for all program years will agree with Line 13B3 of the DD 1176.

Surcharge Collections, Sales of Commissary Stores, Defense

Summary

(\$ in Millions)

	<u>FY PY col. of CY PB</u>	<u>FY PY</u>	<u>FY CY col. of CY PB</u>	<u>FY CY</u>	<u>FY BY1</u>	<u>FY BY2</u>
--	--------------------------------	--------------	--------------------------------	--------------	---------------	---------------

OBLIGATIONS

Operating Expenses
Equipment
Construction
Total Obligations

Provide operations, equipment, and construction obligations for the PY column of the CY President's budget, the PY, the CY column of the CY President's budget, the CY, the BY1, and the BY2.

DISBURSEMENTS

Disbursement of
Prior Year Obligations
Current Year Disbursements
Total Disbursements (a)

Provide disbursements of prior year obligations and current year disbursements for the PY column of the CY President's budget, the PY, the CY column of the CY President's budget, the CY, the BY1, and the BY2.

COLLECTIONS

Revenue (b)

Provide revenue for the six years above.

NET OUTLAYS (c) (a-b=c)

CASH: Begin Year (d)
Net Outlays (e)
End Year (f) (d-e=f)

Provide cash estimates for the six years above.

Unliquidated Obligations

Provide year-end unliquidated obligations for the six years above.

Unfunded Contract Authority Requested

Provide unfunded contract authority for the six years above.

Exhibit CT-1 Surcharge Collections, Sales of Commissary Stores Summary

**Surcharge Collections, Sales of Commissary Stores, Defense
Facility Programs Justification
(\$ in Millions)**

<u>LOCATION</u>	<u>DESCRIPTION</u>	<u>TOTAL COST</u>	<u>REMARKS</u>
-----------------	--------------------	-------------------	----------------

Provide a DD Form 1391 for each FY BY1 and FY BY2 proposed project.

List the location of each proposed construction project for FY CY, FY BY1, and FY BY2.

Description should include whether each project is a new store, add/alter, minor construction, energy conservation, etc.

Total cost is self-explanatory.

Remarks should provide narrative justification for and a description of each project.

Exhibit CT-2 Facility Programs Justification

Pentagon Reservation Maintenance Revolving Fund
Cost of Services
(\$ in Millions)

	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY1</u>
1. Operated Space (Average Square Feet) *			
2. Unit Cost of Operations (\$) **			
Cleaning			
Maintenance			
Utilities & Fuel			
Protection			
Other Building Services			
Administration			
Total Unit Cost for Basic Services			
(Multiply by) Billable Space (Sq. Ft.)			
(Equals) Total Cost of Basic Services			

* Excludes reimbursable "above standard" services.

** Cleaning, maintenance, utilities and fuel, protection, other building services, and administration estimates should equal the cost of each function divided by the billable space square feet for the relevant fiscal year.

**Pentagon Reservation Maintenance Revolving Fund
Summary Statement
(\$ in Millions)**

(Disbursements by Fiscal Year)
FYBY2 FYBY2+1 FYBY2+2 FYBY2+3 FYBY2+4

	<u>Obs.</u>	<u>Orders</u>	<u>Rev.</u>	<u>Cost</u>	<u>FYPY</u>	<u>FYCY</u>	<u>FYBY1</u>	<u>FYBY2</u>	<u>FYBY2+1</u>	<u>FYBY2+2</u>	<u>FYBY2+3</u>	<u>FYBY2+4</u>
Pentagon Renovation												
FY PY			N/A					N/A				
FY CY			N/A					N/A				
FY BY1			N/A					N/A				
FY BY2			N/A					N/A				

Other Capital Purchases (specify each)

FY PY			N/A					N/A				
FY CY			N/A					N/A				
FY BY1			N/A					N/A				
FY BY2			N/A					N/A				

Operating Budget

FY PY												
FY CY												
FY BY1												
FY BY2												

Total

FY PY BY2												
FY CY												
FY BY1												

Cash

FY PY												
FY CY												
FY BY1												
FY BY2												

BOY Collections Disbursements EOY

Obligations, new customer orders, revenue, and costs for the PY, CY, BY1, and BY2 years for the Pentagon Renovation, Other Capital Purchases, and Operating Budget (reimbursable services and basic services noted in Exhibit PR-1) should be provided. Disbursements of PY, CY, BY1, and obligations for each category are also requested. Beginning of Year (BOY) cash, collections, disbursements, and End of Year (EOY) cash for the PY, CY, BY1, and BY2 years is also requested.

NATIONAL DEFENSE STOCKPILE TRANSACTION FUND
Stockpile Financial Status Report
YEAR (FY, CY, BY1, BY2)
(Dollars in Millions)

<u>ANNUAL PROGRAM</u>	<u>TOTAL</u>
	BOP INVENTORY _____
	BOP CASH _____
Acquisitions _____	Unliquidated Obligations
(cash) _____	(ULOs) BOP _____
(barter) _____	+acquisitions _____
(ULOs) _____	-disbursements _____
	-barter _____
	ULO EOP _____
Disposals _____	Unfilled Orders
(cash) _____	(UOs) BOP _____
(barter) _____	+sales _____
(UOs) _____	-collections _____
	-barter _____
	UOs EOP _____
Grants _____	Appropriation _____
Other _____ (explain)	Transfer _____
Material Exchanges _____	Asset Exchanges (upgrades)
	Cash _____
	Inventory _____
	EOP INVENTORY _____
	EOP CASH _____

REVENUE _____

 (sales) _____

 (appropriation) _____

EXPENSE _____

 (cost of goods sold) _____

 (grants) _____

 (other expenses) _____

OBLIGATIONS _____

(Acquisitions+Grants+Obligated Asset Exchanges) _____

NOTE: Parenthetical entries are either subtotals or comments.

Exhibit SP-1 Stockpile Financial Status Report

INSTRUCTION FOR PREPARATION OF EXHIBIT SP-1
STOCKPILE FINANCIAL STATUS REPORT

1. Purpose. The purpose of this report is to provide information on financial status of the National Defense Stockpile.

2. Submission. This exhibit will be submitted for the prior year (PY), the current year (CY), budget year 1 (BY1), and budget year 2 (BY2) in support of the OSD/OMB and President's budget submissions.

3. Entries:

a. Annual Program addresses transaction during the year involving current year funds only.

b. Total addresses all transactions including adjustments and balances from previous years' transactions.

FY BY Submission
Month/Year
Exhibit RRF-1

Ready Reserve Force (RRF)
Budget Item Justification

<u>RRF</u>	<u>FY PY-1</u>	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY1</u>	<u>FY BY2</u>	<u>FY BY2+1</u>	<u>FY BY2+2</u>	<u>FY BY2+3</u>	<u>FY BY2+4</u>
------------	----------------	--------------	--------------	---------------	---------------	-----------------	-----------------	-----------------	-----------------

O&M

Acquisition

Other (specify)

Total RRF

Provide annual funding requirements for the RRF.

Purpose: Justification for the FYs BY-BY+5 budget request: Provide a narrative justification and sufficient justification for the funding requested

Exhibit RRF-1 Budget Item Justification

Ready Reserve Force (RRF)
Ship Composition Funding Requirements

RRF	FY PY-1	FY PY	FY CY	FY BY1	FY BY2	FY BY2+1	FY BY2+2	FY BY2+3	FY BY2+4
-----	---------	-------	-------	--------	--------	----------	----------	----------	----------

O&M
Ship Types
Breakbulk
ROS-4
ROS-5
etc.

Provide annual funding requirements for each ship type by ROS category.
Specify funding by O&M, acquisition and other (specify Other categories consistent with the RRF-1 exhibit).

Ro/Ros
ROS-4
ROS-5
etc.

Total O&M

Acquisition
Ship Types

Total Acquisition

Other
Ship Types

Total Other

Total RRF

Exhibit RRF-2 Ship Composition Funding Requirements

Ready Reserve Force (RRF)
Ship Readiness Operational Status (ROS) Composition

RRF Ship Types	FY PY-1	FY PY	FY CY	FY BY1	FY BY2	FY BY2+1	FY BY2+2	FY BY2+3	FY BY2+4
-------------------	---------	-------	-------	--------	--------	----------	----------	----------	----------

Ro/Ros
(ROS Status ROS-4)
(ROS Status ROS-5)
(ROS Status etc.)

Total Ro/Ros

Breakbulk
(ROS Status ROS-4)
(ROS Status ROS-5)
(ROS Status etc.)

Total Breakbulk

etc.

Provide the composition of the RRF by FY for each ship type, i.e.; Breakbulk, Ro/Ros Tankers etc.
Specify ships consistent with the RRF-2 exhibit.

Totals
(ROS Status ROS-4)
(ROS Status ROS-5)
(ROS Status etc.)
Total RRF Fleet

**New Acquisitions
Retirements**

CHAPTER 11
OFFSETTING RECEIPTS
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CHAPTER 11

OFFSETTING RECEIPTS

1101 GENERAL

110101 Purpose

This chapter prescribes budget justification requirements for offsetting receipts consistent with the provisions of OMB Circular No. A-11.

1102 BUDGET ESTIMATES SUBMISSION

110201 General Instructions

A. *Each Military Department will include offsetting receipts in their annual September initial budget submission. See Volume 2A, Chapter 1, for general guidance on submission requirements.*

B. Each Military Department will also submit actual data on receipts *in millions of dollars* for the prior year and estimated receipts for the current year, biennial budget years 1 and 2, and the outyears. These estimates will include the impact of all known proposed legislation. A copy of the receipts listing in the form of a spreadsheet as of the end of the prior fiscal year will be provided to the Military Departments by OUSD(C). The Military Departments will update these listings (legible, hand-written markup is acceptable) and return them to the Directorate for Program and Financial Control, Office of the Deputy Comptroller (Program/Budget), Room 3B872 for review and, ultimately, input to OMB. Submittal due date will be established by OSD based on certification to the Treasury of actual execution data for the prior fiscal year.

C. If a DoD component proposes legislation which would impact DoD offsetting receipts and such impact is not included in the estimates submitted by the Military Departments, then the DoD component proposing the legislation will submit to OUSD(C) P/B the impact of the proposed legislation for each Treasury receipt account affected.

D. Amounts reported should include all collections credited to the component's receipt accounts, including "F" (clearing) accounts if applicable (e.g., receipt account 3875), and should exclude collections credited to receipt accounts of other DoD

components. Receipts will be reported on the basis of collections credited to receipt accounts during the year, plus or minus any adjustments during the year. Amounts for the prior year will agree with receipts reported to Treasury on the Treasury Combined Statement. Only zero (0) estimates are permitted in the current year, biennial years 1 and 2, and the outyears for "F" accounts. For indefinite appropriations of receipts (Wildlife Conservation, Military Reservations; *special fund accounts*; and trust fund accounts), the amount of estimated collections will be equal to the related estimates of appropriations (budget authority).

E. New entries will be titled in accordance with Treasury's Federal Account Symbols and Titles. Include the 2-digit Treasury agency prefix for each account, but do not include the "F" in clearing-account codes. Enter in the appropriate columns the type of receipt and applicable function and the amounts for each account involved. Proposed legislation will be identified by the addition after the Treasury receipt account symbol of the letter "L" for new legislation.

F. Where the Treasury Department has assigned decimal suffixes to the symbol (e.g., 21-8927.1, etc.), amounts will be reported separately for each suffix.

G. Each receipt account will be identified as to governmental, proprietary, intragovernmental, Federal intrafund, trust intrafund, inter-fund transactions, etc., as specified in OMB Circular A-11.

H. Receipts data is required for DoD-Military as well as DoD-Civil accounts.

110202 Special Instructions - Receipt account 3041, Recoveries under the Foreign Military Sales Program

Additional detail is required for this account, subdivided into the following categories for PY, CY, BY, BY+1, and the outyears:

1. Nonrecurring RDT&E and production costs and royalty fee collections;

2. Sale of principal/major items from stock which do not require replacement;
3. Sale of excess stock fund and procurement secondary items from stock;
4. Charges for the use of DoD assets (including asset use charges or contractor rental payments); and
5. Charges for unfunded civilian retirement costs.

CHAPTER 12
DEFENSE HEALTH PROGRAM
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CHAPTER 12

DEFENSE HEALTH PROGRAM

1201 GENERAL

120101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for the Defense Health Program.

B. The following appropriations are covered as subsections of the Defense Health Program appropriation:

Section

120201

- Operation and Maintenance
- Procurement

120102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 12 covers specific back-up material requirements for the above accounts. The ASD(HA) should also submit any applicable exhibits required in Chapter 19 - Special Analyses for the above appropriations. The ASD(HA) is also responsible for providing data to update the Budget Review System (BRS) and the Future Years Defense Plan (FYDP) automated systems for the Defense Health Program appropriation. The Military Components must submit any proposed military and civilian medical end strength changes to the BRS and FYDP through Health Affairs -- DASD(Health Budget and Programs).

120103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 12 provides additional specific guidance with regard to the back-up material required for the Defense Health Care Program.

120104 References

Chapter 3 provides guidance related to Operation and Maintenance costs and Chapter 4 provides guidance and formats related to Procurement appropriations.

1202 BUDGET ESTIMATES SUBMISSION**120201 Purpose**

This Section provides guidance for preparation and submission of budget estimates for the Defense Health Program. The budget estimates consist of all operation and maintenance and procurement resources that support the medical activities that were consolidated into the Defense Health Program

120202 Submission Requirements

A. The Assistance Secretary of Defense (Health Affairs) is responsible for submitting all exhibits required of operation and maintenance, and procurement appropriations specified in Chapters 3 and 4. Applicable special exhibit requirements identified in Chapters 15 through 19 should be submitted by the Assistant Secretary of Defense (Health Affairs).

B. In addition, the Cost of Medical Activities Exhibit (PB-11, PB-11A, PB-11B) will be prepared and submitted to the Office of the DoD Comptroller. Formats for these exhibits are provided at the end of this Chapter. Two copies of each exhibit should be provided to Office of the DoD(C) P.B Operations Directorate, Room 3D868, the Pentagon.

1203 CONGRESSIONAL JUSTIFICATION/PRESENTATION

120301 Purpose

A. This Section presents the exhibit requirements for submission to Congress. Examples of budget exhibits can be found in Section 1204.

120302 Submission Requirements

A. The Assistant Secretary of Defense (Health Affairs) is responsible for submitting all exhibits required of operation and maintenance, and procurement appropriations specified in Chapters 3 and 4. Applicable special exhibit requirements identified in Chapters 15 through 19 should also be submitted by the Assistant Secretary of Defense (Health Affairs).

B. In addition, the cost of Medical Activities Exhibit (PB-11, PB-11A, PB-11B) will be prepared and submitted to the DoD (C). Formats for these exhibits are provided at the end of this Chapter. Two copies of each exhibits are provided at the end of this Chapter. Two copies of each exhibit should be provided to the DoD (C) P/B Operations Directorate, Room 3D868, the Pentagon.

C. Two Copies of the PBA-9 (Medical Programs Exhibit for the O&M Overview) will be due to the DoD Comptroller Program/Budget, Operations Directorate at the time that the President's budget exhibits are due. The required format for the PBA-9 is provided at Chapter 3, Section 0304.

D. OP-5's and related exhibits will be prepared for each of the following activities:

- Direct Patient Care
- CHAMPUS
- Managed Care and Other Contractual Support
- Care in Non-Defense Facilities
- USUHS
- Education and Training
- Base Operations/Communications

Meaningful performance criteria should be displayed for each activity.

E. The OP-5 and the Reconciliation of Increases and Decreases for each activity will follow the format specified in PB-31D to include entries for:

-- Major One time FYCY costs

-- New and competing contracts: costs by contract of any new or renewed managed care or other major initiatives/demonstrations planned for award during FY BY

-- Major Changes in noncompeting continuation requirements: the cost of continuing in the FY BY the new and competing awards made in FYCY; changes in award amounts of noncompeting continuations form FYCY; sole source contract award/expansions; or adjustments, by contract, for a change in benefit.

-- Major Nonrecurring cost of FYCY contracts: negative entry for contracts/projects that will not be continued in FY BY or will be re-competed.

1204 DEFENSE HEALTH PROGRAM
SUBMISSION FORMATS

120401 Purpose.

The formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, the formats should be followed.

120402 Unique Exhibits in Support of Section 1202 - Budget Estimate Submission

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DEPARTMENT OF DEFENSE
COST OF MEDICAL ACTIVITIES

Defense Health Program Funding Summary

	(Dollars in Thousands)			
	FY PY <u>Actual</u>	FY CY <u>Estimate</u>	FY BY1 <u>Estimate</u>	FY BY2 <u>Estimate</u>
Operation and Maintenance				
Procurement				
	_____	_____	_____	_____
Total Defense Health Program	=====	=====	=====	=====

Exhibit PB-11 Defense Health Program Funding Summary
(page 1 of 5)

DEPARTMENT OF DEFENSE

COST OF MEDICAL ACTIVITIES

DEFENSE HEALTH PROGRAM

Operation and Maintenance Funding by Subactivity Group

FY PY	Actual	FY CY	(Dollars in Thousands)				
			FY BY1	FY BY2	PY-CY	CY-BY1	BY1-BY2
			Estimate	Estimate	% Change	% Change	% Change

PATIENT CARE

08077110 Care in Regional Defense Facilities
 08077120 CHAMPUS Benefits
 08077120 CHAMPUS - Other
 08077130 Care in Non-Defense Facilities
 08077150 Dental Care Activities
 08077920 Station Hospitals & Medical Clinics
 Subtotal, Patient Care

EDUCATION AND TRAINING

08067210 Uniformed Services University of the Health Sciences
 08067220 Armed Forces Health Professions Scholarship Program
 08067610 Education and Training - Health Care
 Subtotal, Education and Training

PATIENT CARE SUPPORT

08017200 Examining Activities
 08077140 Other Health Activities
 08077560 Environmental Compliance
 08077900 Visual Information Activities
 08077910 Defense Medical Support Activity
 08077980 Management Headquarters - Medical
 Subtotal, Patient Care Support

Note: This Exhibit should reflect any changes to the Program Element structure once these changes are finalized.

Exhibit PB-11 (page 2 of 5)

DEPARTMENT OF DEFENSE

COST OF MEDICAL ACTIVITIES

DEFENSE HEALTH PROGRAM

Operation and Maintenance Funding by Subactivity Group

		(Dollars in Thousands)					
FY PY	FY CY	FY BY1	FY BY2	PY-CY	CY-BY1	BY1-BY2	
Actual	Estimate	Estimate	Estimate	% Change	% Change	% Change	
<u>BASE OPERATIONS/COMMUNICATIONS</u>							
08077560	Environmental Compliance						
08077760	Minor Construction - Health Care						
08077780	Maintenance and Repair - Health Care						
08077940	Real Property Maintenance - Health Care						
08077950	Base Communications - Health Care						
08077960	Base Operations - Health Care						
	Subtotal, Base Ops/Comm						

TOTAL, DHP OPERATION AND MAINTENANCE

DEPARTMENT OF DEFENSE

COST OF MEDICAL ACTIVITIES

DEFENSE HEALTH PROGRAM

Operation and Maintenance Funding by Subactivity Group

FY PY	(Dollars in Thousands)				CY-BY1	BY1-BY2
	Actual	FY CY	FY BY1	FY BY2		
	Estimate	Estimate	Estimate	Estimate	% Change	% Change

SPECIAL INTEREST O&M ITEMS

Uniformed Services Treatment Facilities (USTFs)
 Uniformed Services University of the Health Sciences (USUHS)
 Emergency Medical Care for Military Personnel
 PRIMUS/NAVCARE Clinics
 Managed Health Care Support Contracts (by Region)
 TRICARE (Tidewater) Project
 New Orleans Contract (Include BRAC sites)
 Mail Order Pharmacy
 Contract Dental Program
 Composite Health Care System
 Armed Forces Institute of Pathology (AFIP)
 Veterinary Medicine
 Aeromedical Evacuation

DEPARTMENT OF DEFENSE
COST OF MEDICAL ACTIVITIES
DEFENSE HEALTH PROGRAM

Procurement Funding

	(Dollars in Thousands)			
	FY PY	FY CY	FY BY1	FY BY2
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
CHAMPUS Equipment				
Dental Equipment				
Food Svc, Preventive Med, Pharmacy Equip				
Medical Information System Equipment				
Medical Patient Care Administrative Equip				
Medical/Surgical Equipment				
Other Equipment				
Pathology/Lab Equipment				
Radiographic Equipment				
USUHS Equipment	_____	_____	_____	_____
 Total - Other Procurement	=====	=====	=====	=====

SPECIAL INTEREST OTHER PROCUREMENT ITEMS (All included in above totals)

Composite Health Care System (CHCS)
 CHAMPUS uniform claims processing

DEPARTMENT OF DEFENSE

Cost of Medical Activities

Defense Health Program Personnel Summary

<u>FY PY Actual</u>		<u>FY CY Estimate</u>		<u>FY BY1 Estimate</u>		<u>FY BY2 Estimate</u>	
<u>End</u>	<u>Avg</u>	<u>End</u>	<u>Avg</u>	<u>End</u>	<u>Avg</u>	<u>End</u>	<u>Avg</u>
<u>Strength</u>	<u>Strength</u>	<u>Strength</u>	<u>Strength</u>	<u>Strength</u>	<u>Strength</u>	<u>Strength</u>	<u>Strength</u>

Active Military

Officer
Enlisted
Total, Active Military

<u>FY PY Actual</u>		<u>FY CY Estimate</u>		<u>FY BY1 Estimate</u>		<u>FY BY2 Estimate</u>	
<u>End</u>	<u>Work-</u>	<u>End</u>	<u>Work-</u>	<u>End</u>	<u>Work-</u>	<u>End</u>	<u>Work-</u>
<u>Strength</u>	<u>Years</u>	<u>Strength</u>	<u>Years</u>	<u>Strength</u>	<u>Years</u>	<u>Strength</u>	<u>Years</u>

Civilian

U.S. Direct Hire
Foreign National Direct Hire
Foreign National Indirect Hire
Total, Civilian

Exhibit PB-11A Defense Health Program Personnel Summary

(page 1 of 3)

DEPARTMENT OF DEFENSE

Cost of Medical Activities

Defense Health Program

Military Personnel Details

	<u>FY PY Actual</u>		<u>FY CY Estimate</u>		<u>FY BY1 Estimate</u>		<u>FY BY2 Estimate</u>	
	End	Avg	End	Avg	End	Avg	End	Avg
	<u>Strength</u>	<u>Strength</u>	<u>Strength</u>	<u>Strength</u>	<u>Strength</u>	<u>Strength</u>	<u>Strength</u>	<u>Strength</u>
Army								
Navy								
Air Force								
CHAMPUS								
DMSA								
(Medical Information Systems)								
(Defense Medical Facilities Office)								
(Health Budget and Programs)								
(Other - Specify)								
USUHS								
Total								

Exhibit PB-11A (page 2 of 3)

CIVILIAN PERSONNEL DETAILS

FY PY Actual
End Work-
Strength Years

FY CY Estimate
End Work-
Strength Years

FY BY1 Estimate
End Work-
Strength Years

FY BY2 Estimate
End Work-
Strength Years

I. Civilian Personnel - US Direct Hire

Army
Navy
Air Force
CHAMPUS
DMSA
(Medical Information Systems)
(Defense Medical Facilities Office)
(Health Budget and Programs)
(Other - Specify)
USUHS

Total

II. Civilian Personnel - Foreign National Direct Hire

Army
Navy
Air Force
CHAMPUS
DMSA
(Medical Information Systems)
(Defense Medical Facilities Office)
(Health Budget and Programs)
(Other - Specify)
USUHS

Total

III. Civilian Personnel - Foreign National Indirect Hire

Army
Navy
Air Force
CHAMPUS

Total

IV. Total Civilian Personnel

Army
Navy
Air Force
CHAMPUS
DMSA
(Medical Information Systems)
(Defense Medical Facilities Office)
(Health Budget and Programs)
(Other - Specify)
USUHS

Total

Exhibit PB-11A (page 3 of 3)

DEFENSE HEALTH PROGRAM

Medical Workload Data Exhibit

FY PY <u>Actual</u>	FY CY <u>Estimate</u>	FY BY1 <u>Estimate</u>	FY BY2 <u>Estimate</u>	CY-BY1 <u>Change</u>	BY1-BY2 <u>Change</u>
------------------------	--------------------------	---------------------------	---------------------------	-------------------------	--------------------------

Population - Eligible Beneficiaries

Active Duty
 Active Duty Dependents
 CHAMPUS Eligible Retirees
 CHAMPUS Eligible Dependents of Retirees
 Subtotal, CHAMPUS Eligibles
 Medicare Eligible Beneficiaries
 Total, Eligible Beneficiaries

Population - MHSS Reliants/Users

Active Duty
 Active Duty Dependents
 CHAMPUS Eligible Retirees
 CHAMPUS Eligible Dependents of Retirees
 Subtotal, CHAMPUS Eligibles
 Medicare Eligible Beneficiaries
 Total, Eligible Beneficiaries

Medical Workload

Infrastructure

Hospitals/Medical Centers
 Operating Beds
 PRIMUS/NAVCARE Clinics
 Medical Clinics

Medical Workload Data Exhibit

FY PY	FY CY	FY BY1	FY BY2	CY-BY1	BY1-BY2
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>

Direct Care System Workload

Dispositions (form MEPRs)
 Inpatient Work Units (IWUs)
 Occupied Bed Days (from MEPRs)
 Average length of stay (Bed Days/Disposition)
 Total Ambulatory Visits (from MEPRs includes both inpatient & outpatient visits)

Ambulatory Work Units (AWUs)
 PRIMUS/NAVCARE ambulatory visits (included above)
 PRIMUS/NAVCARE AWUs (included in total AWUs above)
 Occupational Health AWUs (included in AWUs above)

Uniformed Services Treatment Facilities (USTFs)

Dispositions
 Inpatients work units
 Occupied Bed Days
 Average Length of Stay
 Total Ambulatory Visits

DEFENSE HEALTH PROGRAM
Medical Workload Data Exhibit

FY PY <u>Actual</u>	FY CY <u>Estimate</u>	FY BY1 <u>Estimate</u>	FY BY2 <u>Estimate</u>	CY-BY1 <u>Change</u>	BY1-BY2 <u>Change</u>
------------------------	--------------------------	---------------------------	---------------------------	-------------------------	--------------------------

Medical Workload (Continued)

Standard CHAMPUS Workload - Total

Paid Inpatient Admissions
Paid Outpatient Visits

Contract Dental Program

Enrollees

Managed Health Care Support Contracts (By Region)

Paid Inpatient Admissions
Paid Outpatient Visits

Dental Workload

Composite Time Values (CTVs)

CONUS

OCONUS.

Total, CTVs

Active Duty CONUS

Non-Active Duty CONUS

Total, CONUS

Active Duty OCONUS

Non-Active Duty OCONUS

Total, OCONUS

PER CAPITA COSTS.

(Based on capitated allocation method)

CHAPTER 13
DEFENSE ENVIRONMENTAL RESTORATION
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CHAPTER 13

DEFENSE ENVIRONMENTAL RESTORATION PROGRAM

1301 GENERAL

130101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for the Defense Environmental Restoration Program. The National program to manage hazardous wastes and cleanup old hazardous wastes extends to the Department of Defense. The Congress is interested in assuring that the DoD Program is complying with all the requirements levied by the Resource Conservation and Recovery Act (RCRA), the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), and the Superfund Amendments and Reauthorization Act (SARA) legislation. This Chapter provides the funding data necessary to respond to congressional concerns.

B. The following accounts are covered as subsections of the Defense Environmental Restoration Program appropriation:

Section

130201

- Operation and Maintenance
- Procurement
- Research, Development, Test, and Evaluation (RDT&E)
- Military Construction

130102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 13 covers specific back-up material requirements for the Defense Environmental Restoration Program. The Deputy Under Secretary of Defense, Environmental Security (DUSD(ES)) of the USD(A&T) is responsible for all submission requirements for this program.

130103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 13 provides additional

specific guidance with regard to the back-up material required for the Defense Environmental Restoration Program.

130104 References

Chapter 1 provides general funding policies, Chapter 3 provides specific policies related to Operation and Maintenance costs, Chapter 4 provides specific policies related to Procurement appropriations, Chapter 5 provides specific policies related to RDT&E, and Chapter 6 provides specific policies related to Military Construction appropriations.

130105 Definitions

A. Installation Restoration Program (IRP) This subelement is a comprehensive program to identify, investigate, and cleanup contamination from hazardous substances and wastes resulting from past DoD activities on active installations and formerly-used DoD lands. This includes requirements incident to remedial action, both on-installation and off-installation, e.g., provision of permanent alternate potable water supplies to communities affected by groundwater contamination that resulted from DoD activity. Actions under this element may include:

1. Investigations to identify, confirm and quantify contamination; feasibility studies; remedial action plans and designs; and remedial or removal actions.
2. Research, development and technology demonstrations necessary to conduct cleanups.
3. Expenses associated with cooperative multi-party cleanup plans and activities.
4. Remedial actions to protect or restore natural resources damaged by contamination from past hazardous waste disposal activities.
5. Cleanup of low-level radioactive waste sites which meet the criteria of the CERCLA, as amended.

6. Management expenses associated with IRP, including civilian salaries.

7. Capital costs of long-term monitoring systems.

8. Operating expenses for the first two years of long-term monitoring.

9. Immediate actions necessary to address health and safety concerns such as providing alternate water supplies or treatment of contaminated drinking water, when the hazard results from a release from DoD property.

10. Studies to locate underground tanks not used since January 1984 and activities to determine actual or potential contamination.

11. Cleanup of contamination resulting from tanks not used since January 1984, unless such cleanup is incidental to tank replacement.

12. Cleanup of contamination resulting from tank leaks which occurred prior to March 1, 1986, unless such cleanup is incidental to tank replacement.

13. CERCLA assessments necessary prior to exessing real property assets.

14. Proportion of RCRA permit preparation associated with solid waste management units which would meet the definition of a past disposal site under CERCLA, as amended.

B. Building Demolition and Debris Removal Program (BD/DR) This subelement applies to both active installations and formerly-used DoD lands. The purpose of this subelement is to plan and execute a comprehensive program to demolish and remove unsafe buildings and structures. Expenses incident to complete restoration, such as restoration of natural resources are included, if such expenses are clearly and directly related to the demolition and debris removal. Demolition which is required as part of a new construction project is excluded. Actions under this element may include:

1. The demolition of buildings or the removal of debris which constitute a safety hazard on active installations.

2. The demolition of buildings or the removal of debris which constitute a safety hazard on lands formerly-used by the Department of Defense, provided such lands were transferred to state or local governments or native corporations.

C. Other Hazardous Waste (OHW)

This subelement is intended primarily to accomplish two things: (1) to fund studies and the purchase of equipment which will reduce hazardous waste generation; and (2) to fund other one-time expenses for appropriate environmental restoration activities related to the cleanup of contamination from hazardous substances. This subelement excludes operations and maintenance properly chargeable to base operations support. Actions under this element may include:

1. Research, development, studies, technology demonstrations, and equipment procurement to reduce hazardous waste generation.

2. Studies and support of research, development and demonstration projects for methods of treatment, disposal and management of hazardous wastes.

3. Studies and support for identifying more cost-effective technologies for cleanup of hazardous substances.

4. Studies and support for toxicological data collection and methodology on risk of exposure to hazardous wastes.

5. Testing, evaluation and field demonstration any innovative technology to control, contain, and treat hazardous substances.

6. Studies and support for commonly found unregulated hazardous substances by the Secretary of Health and Human Services and for DoD Health Advisories by the EPA.

1302 BUDGET ESTIMATES SUBMISSION

130201 Purpose

This Section provides guidance for preparation and submission of budget estimates for the Defense Environmental Restoration Program. The budget estimates consist of all operation and maintenance, procurement, RDT&E, and Military Construction resources that support the consolidated Defense Environmental Restoration Program.

130202 Submission Requirements

A. Based on the Department's decision to devolve the DERA, the Military Departments and applicable defense agencies shall incorporate separate narrative justification material for their respective programs and Environmental Restoration Exhibits, Env. 30a-30e, in their O&M justification books. The DUSD Environmental Security is responsible for consolidating the defense agency budget submissions and for preparing the ENV 30a-30e exhibits for the Formerly Used Defense Sites (FUDS). The diskette of installation level detail required by the DUSD(ES) should be forwarded together with the Components' justification material to the OUSD (C) P/B Operations Directorate (Room 3D868).

The Components and DUSD(ES) are also responsible for providing data to update the Budget Review System (BRS) and the Five Year Defense Plan (FYDP) automated systems for the Environmental Restoration, Defense appropriation as identified in Chapter 1.

B. In addition to submitting the above items, the DUSD(ES) is responsible for establishing policy for the Defense Environmental Restoration Program.

1303 CONGRESSIONAL JUSTIFICATION/PRESENTATION

130301 Purpose

This Section presents the exhibit requirement for submission to Congress.

130302 Submission Requirements

A. Based on the Department's decision to devolve the DERA, the Military Departments and applicable defense agencies shall incorporate separate narrative justification material for their respective programs and Environmental Restoration Exhibits, Env. 30a-30e, in their O&M justification books. The DUSD Environmental Security is responsible for consolidating the defense agency budget submissions and for preparing the ENV 30a-30e exhibits for the Formerly Used Defense Sites (FUDS). The diskette of installation level detail required by the DUSD(ES) should be forwarded together with the Components' justification material to the OUSD (C) P/B Operations Directorate (Room 3D868). Copy requirements are identified in Chapter U1. Examples of budget exhibits can be found in Section 1304.

**1304 DEFENSE ENVIRONMENTAL
RESTORATION PROGRAM
SUBMISSION FORMATS**

130401 Purpose.

The formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

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Exhibit ENV-30C Reconciliation of Increases/Decreases	10
Exhibit ENV-30D Summary by Phase	11
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ENVIRONMENTAL RESTORATION PROGRAM

FY ____ BUDGET

FUNDING BY PRIORITY

DEPARTMENT OF _____

(\$ in Thousands)

PY <u>Actual</u>	CY <u>Estimate</u>	BY -1 <u>Estimate</u>	BY-2 <u>Estimate</u>	BY1-CY <u>CHANGE</u>	BY2-BY1 <u>CHANGE</u>
---------------------	-----------------------	--------------------------	-------------------------	-------------------------	--------------------------

I. Installation Restoration Program (IRP)

A. Program Management and Support

B. Hazardous and Petroleum Waste Products

Priority 1A. High Relative Risk with Agreements

Priority 1B. High Relative Risk without Agreements

Priority 2A. Medium Relative Risk with Agreements

Priority 2B. Medium Relative Risk without Agreements

Priority 3A. Low Relative Risk with Agreements

Priority 3B. Low Relative Risk without Agreements

Priority 4A. Not Evaluated with Agreements

Priority 4B. Not Evaluated without Agreements

Recovery Account

Subtotal Hazardous and Petroleum Waste Products

C. Ordnance and Explosive Waste Projects

Priority C1. Imminent Threats to Human Safety

Priority C2. Possible Threats to Human Safety

Priority C3. Marginal Threats to Human Safety

Priority C4. Remote Threats to Human Safety

Not Evaluated

Subtotal Ordnance and Explosive Waste Projects

SUBTOTAL INSTALLATION RESTORATION PROGRAM (A+B+C)

II. OTHER HAZARDOUS WASTE

A. Projects which pay back in 3 Years or less

B. Projects which pay back in 3-5 years

C. Demonstration/Validation Studies

D. Projects which pay back in over 5 years

E. Program Management, Manpower, and Training

F. Other

SUBTOTAL OTHER HAZARDOUS WASTE

III. BUILDING DEMOLITION/DEBRIS REMOVAL PROGRAM

A. Imminent threats to Human Safety, Health, or to the Environment

B. Other

SUBTOTAL BUILDING DEMOLITION/DEBRIS REMOVAL

TOTAL PROGRAM

Exhibit ENV-30A Operations Financed

ENVIRONMENTAL RESTORATION PROGRAM

FY ____ BUDGET

DEPARTMENT OF _____

	PRIOR YEAR	CURRENT YEAR	BUDGET YEAR 1	BUDGET YEAR 2
--	---------------	-----------------	------------------	------------------

A. ASSESSMENTS

Funding Level
Starts - No of Sites
Underway - No of Sites
Completions - No of Sites

Note: Starts = sites begun in appropriate fiscal year
Underway = sites underway at the beginning of the fiscal year
Completions = sites completed each fiscal year
Starts + Underway - Completions for Prior Year = Underway
for the next fiscal year.

B. ANALYSIS/INVESTIGATIONS

Funding Level
Starts - No of Sites
Underway - No of Sites
Completions - No of Sites

C. INTERIM ACTIONS

Funding Level
Starts - No of Sites
Underway - No of Sites
Completions - No of Sites

D. REMEDIAL DESIGNS

Funding Level
Starts - No of Sites
Underway - No of Sites
Completions - No of Sites

E. REMEDIAL ACTIONS

Funding Level
Starts - No of Sites
Underway - No of Sites
Completions - No of Sites

F. LONG TERM OPERATIONS AND MONITORING

Funding Level
Starts - No of Sites
Underway - No of Sites
Completions - No of Sites

G. POTENTIALLY RESPONSIBLE PARTY

Funding Level
Starts - No of Sites
Underway - No of Sites
Completions - No of Sites

Exhibit ENV-30B Price and Program Growth
(Page 1 of 2)

H. OTHER (\$000) (ADD MGT, WRKYRS,
DSMOA, ATSDR, FINES)
MANAGEMENT
WORKYEARS
DSMOA
ATSDR
FINES

II. TOTAL (All Appropriations)
Funding Level

Exhibit ENV-30B Price and Program Growth

(Page 2 of 2)

ENVIRONMENTAL RESTORATION PROGRAM

FY _____ BUDGET

DEPARTMENT OF _____

(\$ in Thousands)

Reconciliation of Increases/Decreases

I. Current Fiscal Year Estimate

A. Functional Program Transfers (Indicate the transfers from/to other appropriations)

1) Transfers in

2) Transfers out

B. Price Growth (Reflect changes in inflation rate assumptions)

C. Program Increases (List, by relative risk category, the program increases)

D. Program Decreases (List, by relative risk category, the program decreases)

II. Budget Year I Request

A. Functional Program Transfers (Indicate the transfers from/to other appropriations)

1) Transfers in

2) Transfers out

B. Price Growth (Reflect changes in inflation rate assumptions)

C. Program Increases (List, by relative risk category, the program increases)

D. Program Decreases (List, by relative risk category, the program decreases)

III. Budget Year II Request

Reconciliation of Increases/Decreases

I. Current Fiscal Year Estimate

A. Functional Program Transfers (Indicate the transfers from/to other appropriations)

1) Transfers in

2) Transfers out

B. Price Growth (Reflect changes in inflation rate assumptions)

C. Program Increases (List, by relative risk category, the program increases)

D. Program Decreases (List, by relative risk category, the program decreases)

II. Budget Year I Request

A. Functional Program Transfers (Indicate the transfers from/to other appropriations)

1) Transfers in

2) Transfers out

B. Price Growth (Reflect changes in inflation rate assumptions)

C. Program Increases (List, by relative risk category, the program increases)

D. Program Decreases (List, by relative risk category, the program decreases)

III. Budget Year II Request

Exhibit ENV-30C Reconciliation of Increases/Decreases

DEFENSE ENVIRONMENTAL RESTORATION PROGRAM
FY 1997 BUDGET SUBMISSION
OUTYEAR FUNDING
COMPONENT
(\$ in Thousands)

BY + 3

BY + 4

BY + 5

BY + 6

A. Installation Restoration Program

1. High Relative Risk
2. Medium Relative Risk
3. Low Relative Risk
4. Potentially Responsible Party
5. Not Evaluated
6. Program Management & Support

B. Other Hazardous Waste

C. Building Demolition/Debris Removal

D. TOTAL

Exhibit ENV-30D Summary by Phase

ENVIRONMENTAL RESTORATION PROGRAM

FY ____ BUDGET SUBMISSION

OUTYEAR FUNDING

DEPARTMENT OF _____

(\$ in Thousands)

BY + 3

BY + 4

BY + 5

BY + 6

A. Installation Restoration Program

1. High Relative Risk
2. Medium Relative Risk
3. Low Relative Risk
4. Potentially Responsible Party
5. Not Evaluated
6. Program Management & Support

B. Other Hazardous Waste

C. Building Demolition/Debris Removal

D. TOTAL

Exhibit ENV-30E Outyear Funding Summary

CHAPTER 14
DRUG INTERDICTION AND COUNTER DRUG ACTIVITIES
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1402 BUDGET ESTIMATES SUBMISSION	2
140201 Purpose	2
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1403 CONGRESSIONAL JUSTIFICATION/PRESENTATION	3
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CHAPTER 14

DRUG INTERDICTION AND COUNTER DRUG ACTIVITIES

1401 GENERAL

140101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for Drug Interdiction and Counter-drug Activities.

B. The following accounts are covered as subsections of the Drug Interdiction and Counter-drug Activities Program appropriation:

Section

140201

- Reserve Military Personnel
- Operation and Maintenance
- Procurement
- Research, Development, Test, and Evaluation (RDT&E)
- Military Construction

140102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 14 covers specific back-up material requirements for the Drug Interdiction and Counter-drug Activities Program. The Coordinator for Drug Enforcement Policy and Support (CDEP&S) is responsible for all submission requirements for this program. The components are responsible for providing all needed input to CDEP&S consistent with the submission requirements and due dates established by CDEP&S.

140103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 14 provides additional specific guidance with regard to the back-up material required for the Drug Interdiction and Counter-drug Activities Program.

140104 References

Chapter 1 provides general funding policies, Chapter 3 provides specific policies and formats related to Operation and Maintenance costs, Chapter 4 provides specific policies and formats related to Procurement appropriations, Chapter 5 provides specific policies and formats related to RDT&E, and Chapter 6 provides specific policies and formats related to Military Construction appropriations.

1402 BUDGET ESTIMATES SUBMISSION

140201 Purpose

This Section provides guidance for preparation and submission of budget estimates for the Drug Interdiction and Counter-drug Activities Program. The budget estimates consist of all Reserve military personnel costs, operation and maintenance, procurement, RDT&E, and Military Construction resources that support the Drug Interdiction and Counter-drug Activities Program.

140202 Submission Requirements

A. The Coordinator for Drug Enforcement Policy and Support (CDEP&S) is responsible for submitting all exhibits required supporting operation and maintenance, procurement, RDT&E, and Military Construction requirements as specified in this Chapter to the Operations Directorate, Room 3D868 for the OSD budget submission. This includes the various exhibits for the Drug Interdiction and Counter-drug Activities Program found in Section 1404 as well as other exhibits identified below, but contained in Chapters 2 through 6, and the Program and Financing (P&F) Schedule requirements identified in Chapter 1. The Coordinator for Drug Enforcement Policy and Support (CDEP&S) is also responsible for providing data to update the Budget Review System (BRS) and the Future Years Defense Plan (FYDP) automated systems for the Drug Interdiction and Counter-drug Activities appropriation as identified in Chapter 1.

B. The DoD counternarcotics program will be financed in a central transfer appropriation. However, the OSD submission will reflect the actual or planned distribution of counternarcotics funds by appropriation. The following exhibits are required for the OSD submission:

Drug Interdiction and Counter-drug Activities Unique Exhibits:

PB-43 Drug Interdiction and Counter-drug Activities by Appropriation and Function (Chapter 14)

PB-44 Drug Interdiction and Counter-drug Activities Summary (Chapter 14)

PB-45 Drug Interdiction and Counter-drug Summary by Appropriation Title (Chapter 14)

PB-47 Functional Description for Drug Interdiction and Counter-Drug Activities by Appropriation (Chapter 14)

Operation and Maintenance Exhibits:

OP-32 Summary of Price and Program Changes (Chapter 3)

Procurement Exhibits:

P-1 Procurement Program (Chapter 4)

P-14 Analysis of Requirements for Commercial Motor Vehicles (Chapter 4)

P-22 Program Cost Breakdown (Chapter 4)

P-40 Budget Item Justification Sheet (Chapter 4)

Research, Development, Test & Evaluation Exhibits:

R-1 RDT&E Program (Chapter 5)

PB-33B Research and Development Descriptive Summaries (Chapter 5)

Military Construction Exhibits:

DD 1390 Military Construction Program (Chapter 6)

DD 1391 Military Construction Project Data (Chapter 6)

1403 CONGRESSIONAL JUSTIFICATION/PRESENTATION

140301 Purpose

This Section presents the exhibit requirement for submission to Congress.

140302 Submission Requirements

The Coordinator for Drug Enforcement Policy and Support (CDEP&S) is required to include the following exhibits in the justification book(s) to Congress. Copy requirements are identified in Chapter 1. Examples of budget exhibits can be found in Section 1404 or as identified below:

PB-44 Drug Interdiction and Counter-drug Activities Summary (Chapter 14)

PB-47 Project Description for Drug Interdiction and Counter-Drug Activities (Chapter 14)

DD 1390 Military Construction Program (Chapter 6)

DD 1391 Military Construction Project Data (Chapter 6)

P-1 Procurement Program (Chapter 4)

R-1 RDT&E Programs (Chapter 5)

OP-32 Summary of Price and Program Changes (Chapter 3)

1404 DRUG INTERDICTION AND COUNTER-
DRUG ACTIVITIES SUBMISSION
FORMATS

140401 Purpose.

The formats provided the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

140402 Exhibits in Support of Section 1402 - Budget Estimate Submission

PB-43A Detection and Monitoring	6
PB-44 Drug Interdiction and Counter Drug Activities	8
PB-45 Summary by Appropriation Title	10
PB-47 Detailed Project Description	11

Drug Interdiction and Counter Drug Activities
Operation and Maintenance, 1/

Activity Group: Detection and Monitoring - Transit Zone

I. Narrative Description (Statement of Requirements and Mission):

II. Description of Operations Financed/Rationale for the Budget Request:

III. Financial Summary (O&M: \$ Thousands):

	<u>FY 19CY</u>	<u>Current</u>	<u>FY 19BY1</u>	<u>FY 19BY2</u>	<u>FY 19CY/</u>	<u>FY 19BY1/</u>
	<u>Budget</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>	<u>FY 19BY2</u>
A. <u>Subactivity</u>	<u>FY 19PY Request</u>	<u>Approp.</u>			<u>Change</u>	<u>Change</u>

B. Reconciliation of Increases and Decreases: (See Attachment 1 for the OP-5 exhibit in Chapter 3 for format and level of detail required):

Accompanying narrative explanations should fully justify the program. Such justification should clearly explain why increases are required or decreases occur.

1/ Provide a separate exhibit for each functional category, by appropriation that has or will receive funds from the central drug account.

Drug Interdiction and Counter Drug Activities
Operation and Maintenance.

IV. Performance Criteria and Evaluation:

FY PY FY CY FY BY1 FY BY2

Performance criteria should be established for each functionally area and approval obtained from Comptroller prior to budget submission. If possible, performance criteria should relate measures of effectiveness established for the counter drug program.

V. Personnel Summary:

	<u>FY 19CY</u>				
	<u>Budget</u>	<u>Current</u>			
	<u>FY 19PY Request</u>	<u>Approp. Estimate</u>	<u>FY 19BY1</u>	<u>FY 19BY2</u>	<u>FY 19BY1/</u> <u>FY 19BY2</u>
<u>Civilian End Strength (Total)</u>			<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
USDH					
FNDH					
FNIH					

Civilian Workyears (Total)

USDH
FNDH
FNIH

VI. Outyear Data:

FY 19BY2+1 FY 19BY2+2 FY 19BY2+3 FY 19BY2+4

Total (\$ In Thousands)
Civilian End Strength

VII. Other Appropriations:

FYPY FYCY FYBY1 FYBY2

Procurement
RDT&E
MilCon

Department of Defense
Drug Interdiction and Counter Drug Activities

I. Description of Operations Financed:

II. Financial Summary (O&M: \$ Thousands):

A. Sub-Activity

Source Nation Support
Dismantling Cartels
Detection and Monitoring - Transit Zone
Demand Reduction
Law Enforcement Agency Support

FY 19PY

FY 19CY

FY 19BY1

FY 19BY2

Total

Instructions: Provide summary of counternarcotics activity by functional category. Categories may be changed if necessary to meet the requirements of the Office National Drug Control Policy (ONDCP). No change should be made, however, without prior approval of the Office of the DoD Comptroller. For FY PY, show the amounts actually obligated and/or the amounts still available for obligation.

B. Reconciliation of Increases and Decreases: (See Attachment 1 for the OP-5 exhibit in Chapter 3 for format and level of detail required):

Instructions: Prepare this section in accordance with the instructions for OP-5 Attachment 1 in the Budget Guidance Manual. Provide a narrative description of the increases and decreases to fully justify the program.

III. Performance Criteria and Evaluation:

FY PY FY CY FY BY1 FY BY2

Key performance criteria from various functional areas should be displayed here.

Drug Interdiction and Counter Drug Activities

IV. Personnel Summary:

FY 19PY FY 19CY FY 19BY1 FY 19BY2

Civilian End Strength (Total)

USDH

FNDH

Total Direct Hire

FNIH

(Military Technicians Included Above)

Civilian Workyears (Total) (Provide for OSD submission only)

USDH

FNDH

Total Direct Hire

FNIH

(Military Technicians Included Above)

V. Outyear Data:

FY 19BY2+1 FY 19BY2+2 FY 19BY2+3 FY 19BY2+4

Complete this section for the OSD submission only.

Total (\$ In Thousands)

Civilian End Strength

Drug Interdiction and Counter Drug Activities

Summary by Appropriation Title

I. Narrative Description (Statement of Requirements and Mission):

II. Description of Operations Financed:

III. Financial Summary (O&M: \$ Thousands):

	<u>FY 19CY</u>		<u>FY 19BY1</u>	<u>FY 19BY2</u>	<u>FY 19CY/</u> <u>FY 19BY1</u> <u>Change</u>	<u>FY 19BY1/</u> <u>FY 19BY2</u> <u>Change</u>
	<u>Budget</u>	<u>Current</u>	<u>Estimate</u>	<u>Estimate</u>		
A. Subactivity	<u>FY 19PY</u>	<u>Request</u>	<u>Approp.</u>	<u>Estimate</u>		
Source Nation Support						
Reserve Personnel						
Operation and Maintenance						
Procurement						
Dismantling Cartels						
Operation and Maintenance						
Procurement						
Detection and Monitoring - Transit Zone						
Operation and Maintenance						
Procurement						
RD&T						
Military Construction						
Demand Reduction						
Operation and Maintenance						
Law Enforcement Agency Support						
Operation and Maintenance						
Total						

IV. Personnel Summary:

Civilian End Strength (Total)

USDH

FNDH

FNIH

Civilian Workyears (Total)

USDH

FNDH

FNIH

V. Outyear Data:

Total (\$ In Thousands)

Civilian End Strength

FY 19BY2+1 FY 19BY2+2 FY 19BY2+3 FY 19BY2+2

Exhibit PB-45 Summary by Appropriation Title

CLASSIFICATION

Functional Description for Drug Interdiction and Counter Drug Activities Component _____

FUNCTION:

APPROPRIATION:

TIARA: Y/N

A. () REQUIREMENT/STATUTORY AUTHORITY

1. () Provide a basic statement of justification for initiating or continuing this project.

B. () PROGRAM DESCRIPTION

1. () Include counter drug and non-counter drug applications and overall relationship within Federal, state and civilian law enforcement agency counter drug programs (as appropriate). Where more than one project are complimentary in nature, particular care should be made to highlight differences.

C. () MANAGEMENT

1. () Description of initial acquisition and/or development management (if applicable).
2. () Operational/tactical control or management (e.g., subordinate to CINCLANTFLT, TACON, NGB, ...).

D. () MILESTONES

1. () Description by fiscal year of program development to include major acquisition/procurement milestones, operational development and fielding. If an on-going program, update (if applicable) to reflect long range upgrades/modifications to project.

E. () PRIOR ACCOMPLISHMENTS

1. () Provide a succinct history of project accomplishments. Ensure that major changes in the project are noted with resulting impact.

F. () PLANNED ACTIVITIES

1. () Detailed summary of funding requirements and intentions. Comparison should also be made with non-counter drug applications and funding (if applicable).

Exhibit PB-47 Detailed Project Description
(page 1 of 2)

CLASSIFICATION

**Detailed Project Description for
Drug Interdiction and Counter Drug Activities**

G. () Resource Summary (in \$ millions):

Project Code: FY-PY FY-CY FY-BY1 FY-BY2

Project Title:

Project Title:

APPROPRIATION

O&M
PROCUREMENT
RDT&E
MILCON
MILPERS

TOTAL

Civilian Personnel Billets

CLASSIFICATION

Exhibit PB-47 (page 2 of 2)

CHAPTER 15
OVERSEAS COST REPORT

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CHAPTER 15

OVERSEAS COST REPORT

1501 GENERAL

150101 Purpose

A. This chapter provides instructions applicable to congressional justification for the Overseas Cost Report.

B. The following appropriations and accounts are covered in the scope of the subsections of the Overseas Cost Report:

Section

150301

- Military Personnel and Reserve Personnel appropriations
- Operation and Maintenance appropriations
- Family Housing Construction and Family Housing Operations appropriations
- Military Construction appropriations

150102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1.

Chapter 15 covers specific material requirements for the Overseas Cost Report.

150103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 15 provides additional specific guidance with regard to the material required for the Overseas Cost Report.

150104 References

Chapter 1 provides general funding policies, Chapter 2 provides specific policies related to Military Personnel appropriations, Chapter 3 provides specific policies related to Operation and Maintenance costs, and Chapter 6 provides specific policies and formats related to Military Construction and Family Housing appropriations.

1502 BUDGET ESTIMATES SUBMISSION

150201 General

At this time there is no budget estimate submission requirement.

1503 CONGRESSIONAL JUSTIFICATION/PRESENTATION

150301 Purpose

This Section presents the exhibit requirement for submission to Congress and formats for the Overseas Cost report. Section 8125 of the FY 1989 Defense Appropriations Act (P.L. 100-463) requires that the Department of Defense separately identify the amounts necessary for payment of all personnel, operations, maintenance, facilities, and support costs for all DoD overseas military units and the costs of supporting all dependents who accompany DoD personnel outside the United States. It also requires that the budget submission identify funds requested for overseas support that exceed the amount of such costs in base year FY 1989.

150302 Submission Requirements

A. The report consists of the OP-53 exhibit and the OP-53B exhibit. Congressional justification material requirements are also addressed in Chapter 3. The exhibits will include a Biennial Year 2 (FY 19BY2) column or section as shown in Section 1504 for all submissions in support of a biennial budget. The FY 19BY2 column or section will be excluded for alternate year budget submissions.

B. The OP-53 addresses all funding and personnel resources related to overseas activities as defined below. The OP-53B identifies pricing, foreign currency and program changes over the base year FY 1989 in accordance with Section 8125(g)(1). Only one OP-53B format should be submitted per appropriation.

C. In addition to submission of the hard copy exhibits shown in Section 1504, an automated version of the OP-53 is also required. Specific guidance for the automated input will be provided annually in the Overseas Exhibit Budget Data Submission Guide.

D. These exhibits should be provided to OUSD(C) P/B, Operations Directorate, Room 3D868, the Pentagon.

E. The Military Departments will report all military personnel permanently assigned

overseas and associated costs to include those assigned to Defense Agencies. Input must be identified to those countries listed later in this Chapter. There should be no input from Defense Agencies citing military personnel appropriations or line items.

150303 Definitions

The following definitions pertain to the costs to be included in Military Department and Defense Agency input:

A. Overseas amounts are to be reported only for the following appropriations: military personnel; operation and maintenance; family housing operation and maintenance; family housing construction; and military construction.

B. Overseas amounts include the appropriated support of all DoD activities located outside the United States that are being performed on a permanent basis.

C. Overseas amounts also include the cost of transporting personnel, material and equipment to and from overseas locations. These amounts include exchange support and overseas commissary support prior to commissary operations becoming part of the Defense Business Operations Fund.

D. The United States includes all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

E. Military and civilian personnel amounts will be based on the number of personnel assigned to permanent duty ashore outside the United States. Accordingly, personnel on temporary duty outside the United States are not included in the overseas amounts. Further, considering that personnel assigned to the deployed fleet are excluded from overseas troop strengths, amounts for deployed steaming days are not included.

F. Generally, funding for DoD activities in the United States in support of overseas activities is excluded. For example, overseas amounts exclude the funding of depot maintenance performed in the United States on components/aircraft used by an overseas unit.

Similarly, flight/specialized training that is conducted in the United States would be excluded.

1504 OVERSEAS COST REPORT SUBMISSION
FORMATS

150401 Purpose

The formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

150402 Exhibits in Support of Section 1503 - Budget Estimate Submission

Exhibit OP-53 Overseas Funding	7
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Department of the _____
Overseas Funding
Summary

(\$ in Millions) 1/ 2/

<u>Appropriation:</u>	<u>FY 19PY</u>	<u>FY 19CY</u>	<u>FY 19BY1</u>	<u>FY 19BY2</u>
Military Personnel (By Approp)	xxx	xxx	xxx	xxx
Operation & Maintenance (By Approp)	xxx	xxx	xxx	xxx
Family Housing, Operations	xxx	xxx	xxx	xxx
Family Housing, Construction	xxx	xxx	xxx	xxx
Military Construction	xxx	xxx	xxx	xxx
Total				3/

Narrative Description: For each appropriation, provide an explanation of the operations/activities that are being financed with the funding identified. The description should include an identification of major organizations and installations. Each description should also identify any significant changes in programs to include functional transfers and force level changes.

Summarize Requirements For Each Country Listed Below and in Total:

Australia
Belgium
Bermuda
Canada
Cuba
Denmark
Egypt
France
Germany
Greece
Iceland
Italy
Japan
Korea
Luxembourg
Netherlands
Norway
Panama
Philippines
Portugal
Saudi Arabia
Spain
Turkey
United Kingdom
Other

Total

Exhibit OP-53 Overseas Funding
(page 1 of 7)

Department of the _____
Overseas Funding
Summary (Cont'd)

	<u>FY 19PY</u>	<u>FY 19CY</u>	<u>FY 19BY1</u>	<u>FY 19BY2</u>
<u>END STRENGTH SUMMARY:</u>				
<u>Military</u>				
Officer				
Enlisted				
Total	_____	_____	_____	_____
<u>Civilian</u>				
USDH				
FNDH				
FNIH				
Total	_____	_____	_____	_____

- 1/ Data must be rounded to nearest tenth of a million. Because data from the by country section of this exhibit is entered in an automated data base, summary must equal total of individual country exhibits.
- 2/ All OP-53 appropriation exhibits should be grouped together in the submission.
- 3/ Exclude this column for non-biennial budget submissions.

Department of the _____
 Overseas Funding - Country by Category
 Military Personnel Overseas Funding
 Appropriation: _____

(\$ in Millions) ^{1/}

Country: _____ 2/	<u>FY 19PY</u>	<u>FY 19CY</u>	<u>FY 19BY1</u>	<u>FY 19BY2</u>
<u>Funding Category</u>				
Pay and Allowances, Officers				
Pay and Allowances, Enlisted				
Permanent Change of Station	_____	_____	_____	_____
Total				
<u>End Strength:</u>				
Officer				
Enlisted	_____	_____	_____	_____
Total				

1/ Round data to nearest tenth of a million.

2/ Provide funding and strength data by country by categories shown. For the Active components funding categories equate to budget activities. For the Guard and Reserve components, the above funding break should also be used to categorize military personnel costs. Applicable countries are listed on page 1 of exhibit OP-53. Excludes funding and end strength for personnel in-country in a temporary duty or field duty status.

Exhibit OP-53 (page 3 of 7)

Department of the _____
 Overseas Funding - Country by Category
 Operation and Maintenance Overseas Funding
 Appropriation: _____

(\$ in Millions) 1/

Country: _____ <u>2/</u>	<u>FY 19PY</u>	<u>FY 19CY</u>	<u>FY 19BY1</u>	<u>FY 19BY2</u>
<u>Funding Category</u>				
Budget Activity				
Budget Activity				
ETC.	_____	_____	_____	_____
Total				
<u>Civilian End Strength:</u>				
USDH				
FNDH				
FNIH	_____	_____	_____	_____
Total				

1/ Round data to nearest tenth of a million.

2/ Provide funding and strength data by country by categories shown above. Funding categories equate to budget activities. Applicable countries are listed on page 1 of exhibit OP-53.

Exhibit OP-53 (page 4 of 7)

Department of the _____
 Overseas Funding - Country by Category
 Family Housing, Operation and Maintenance
 Appropriation: _____

(\$ in Millions) 1/

Country: _____ 2/ FY 19PY FY 19CY FY 19BY1 FY 19BY2

Funding Category

Operations

Utilities

Leasing

Maintenance and Repair

Total

Civilian End Strength:

USDH

FNDH

FNIH

Total

1/ Round data to the nearest tenth of a million.

2/ Provide funding and strength data by country by categories shown above. Funding categories equate to budget activities. Navy and Marine Corps resources for Family Housing operations should be treated as one appropriation. Applicable countries are listed on page 1 of exhibit OP-53.

Exhibit OP-53 (5 of 7)

Department of the _____
 Overseas Funding - Country by Category
 Family Housing, Construction
 Appropriation: _____

(\$ in Millions) 1/

Country: _____ 2/ FY 19PY FY 19CY FY 19BY1 FY 19BY2

Funding Category

New Construction

Improvements

Planning and Design

Total _____

Civilian End Strength:

USDH

FNDH

FNIH

Total _____

1/ Round data to nearest tenth of a million.

2/ Provide funding and strength data by country by categories shown above. Funding categories equate to budget activities. Navy and Marine Corps resources for Family Housing construction should be treated as one appropriation. Applicable countries are listed on page 1 of exhibit OP-53. Data on this exhibit must match the Family Housing, Construction data on the Military Construction budget exhibit (C-1) submitted in support of the President's budget.

Exhibit OP-53 (6 of 7)

Department of the _____
 Overseas Funding - Country by Category
 Military Construction
 Appropriation: _____

(\$ in Millions) 1/

Country: _____ 2/ FY 19PY FY 19CY FY 19BY1 FY 19BY2

Funding Category

Major Construction

Minor Construction

Planning and Design

Supporting Activities

Total

Civilian End Strength:

USDH

FNDH

FNIH

Total

1/ Round data to nearest tenth of a million.

2/ Provide funding and strength data by country by categories shown above. Funding categories equate to budget activities. Applicable countries are

listed on page 1 of exhibit OP-53. **Data on this exhibit must be consistent with the C-1 exhibit submitted in support of the President's budget.**

Department of the _____
Overseas Funding
1/
(Appropriation Title)
Program Change Reconciliation FY 1989 to FY 19BY1
(\$ in Millions) 2/

A. Summary Reconciliation

<u>Line</u>	<u>Amount</u>
1. <u>FY 1989 Baseline</u> <u>3/</u>	XXX
2. Foreign Currency Variance <u>4/</u> <u>15/</u>	+/-
3. Price Growth <u>5/</u> <u>15/</u>	+/-
4. Program Growth - Prior Years <u>6/</u> <u>15/</u>	+/-
5. FY 19CY Program Growth <u>7/</u> <u>15/</u>	+/-
6. FY 19BY1 Program Growth <u>8/</u> <u>15/</u>	+/-
7. FY 19BY1 President's Budget Request <u>9/</u>	XXX

B. Program Growth Justification

	<u>Cumulative Prior Years</u>	<u>FY 19CY</u>	<u>FY 19BY1</u>	<u>Total</u>
7. Program Growth	<u>10/</u>	<u>11/</u>	<u>12/</u>	<u>13/</u>
8. Budget Activity	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Program <u>14/</u>				
9. Budget Activity	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Program <u>14/</u>				
ETC.				

C. Efforts to Obtain Allied Financing of Increased Costs

Separately identify initiatives undertaken or planned to obtain allied financing of U.S. overseas costs. As appropriate, include a time phased estimate of this increased financing. Submit this section at Military Department and Defense Agency level only.

Footnotes shown on OP-53B pages 3 and 4.

Exhibit OP-53B Program Change Reconciliation
(page 1 of 8)

Department of the _____
Overseas Funding
1 /
(Appropriation Title)
Program Change Reconciliation FY 19BY1 to FY 19BY2
(in Millions) 2/

A. Summary Reconciliation

<u>Line</u>	<u>Amount</u>
1. FY 19BY1 President's Budget Request <u>2</u> /	XXX
2. Foreign Currency Variance <u>16</u> / <u>21</u> /	+/-
3. Price Growth <u>17</u> / <u>21</u> /	+/-
4. FY 19BY2 Program Growth <u>18</u> / <u>21</u> /	+/-
5. FY 19BY2 President's Budget Request <u>19</u> /	XXX

B. Program Growth Justification

	<u>FY 19BY2</u>
6. Program Growth	<u>20</u> /
7. Budget Activity	XXX
Program <u>14</u> /	
8. Budget Activity	XXX
Program <u>14</u> /	
ETC.	

**THIS PAGE SHOULD BE SUBMITTED ONLY IN SUPPORT OF A BIENNIAL BUDGET
SUBMISSION(i.e. contains a FY 19BY2 requirement).**

Footnotes shown on OP-53B pages 3 and 4.

Exhibit OP-53B (page 2 of 8)

OP-53B FOOTNOTES

1/ Separately submit by appropriation. Family Housing, Operation and Maintenance and Family Housing, Construction should be submitted separately. For these two accounts, Marine Corps requirements should be included with Navy. Excludes procurement and research and development appropriations. Also, submit Section A of this exhibit at Military Department and Defense Agency level only.

2/ Must be rounded to nearest tenth of a million.

3/ Amount reflected as DoD Component's FY 1989 overseas funding for subject appropriation as shown on OP-53B pages 7 and 8.

4/ The change in the amount of funding required between FY 1989 and FY 19BY attributed to the change in foreign currency rates between FY 1989 actual rates and FY 19BY1 budget rates. The baseline rates must reflect actual rates, i.e. FY 1989 budget rates as adjusted for foreign currency variance applied to the appropriation. The FY 1989 baseline rates by country used in the computation are to be made available upon request.

5/ Amount of funding in FY 19BY1 to finance price growth on the FY 1989 baseline program. Price change is the compound effect of inflation in years subsequent to FY 1989. Price change amounts are to include civilian and military personnel pay raises as appropriate.

6/ Cumulative amount of program growth exclusive of FY 19CY and FY 19BY1 measured in constant FY 19BY1 dollars.

7/ Amount of program growth in FY 19CY over program growth in line 4 measured in constant FY 19BY1 dollars.

8/ Amount of program growth in FY 19BY1 over FY 19CY measured in constant FY19BY1 dollars.

9/ Amount reflected as DoD Component's total FY 19BY1 overseas funding for subject appropriation as shown on the exhibit OP-53.

10/ Amount on line 4.

11/ Amount on line 5

12/ Amount on line 6

13/ Sum of amounts shown on this line. Amount is the program growth that has to be justified to the Congress. In cases where the total growth is zero or negative at the appropriation level, no narrative justification is required for that appropriation and lines 8 and 9 may be disregarded.

14/ For each program identified, provide a narrative justification of total program growth (reference 13/ above and 23/ below). Explanations should be as specific and qualitative as possible to include specific end strength, unit, and base changes. Explanations must be grouped by funding categories identified in OP-53A. Excludes intra-appropriation functional transfers. Explanations should address growth by fiscal year as appropriate.

15/ The arithmetic sum of lines 2 through 6 must equal the arithmetic difference between lines 1 and 7.

16/ The change in the amount of funding required between FY 19BY1 and FY 19BY2, if any, attributed to the change in foreign currency rates between FY 19BY1 budget rates and FY 19BY2 budget rates.

17/ Amount of funding in FY 19BY2 to finance price growth on the FY 19BY1 baseline program. Price change amounts are to include civilian and military personnel pay raises as appropriate.

18/ Amount of program growth in FY 19BY2 over FY 19BY1 measured in constant FY 19BY2 dollars.

19/ Amount reflected as DoD Component's total FY 19BY2 overseas funding for subject appropriation as shown on the exhibit OP-53.

20/ Amount on line 4.

21/ The arithmetic sum of lines 2 through 4 must equal the arithmetic difference between lines 1 and 5.

Department of the _____
 Overseas Fund
 Military Personnel Overseas Funding Change FY 1989 to FY 19BY1
 Appropriation: _____

(\$ in Millions)				
	FY 1982	Cumulative Prior Years	FY 19CY	FY 19BY1
	E/S 2/ Amount 3/	Amount N/A	E/S Amount	E/S Amount
Pay and Allowances of Officers				
(Pay Raise) 4/	(-)	()	()	()
(Inflation)	(-)	()	()	()
(Overseas Station Allowances)	()	()	()	()
(Officer Average Strength)	()	(N/A)	()	()
Pay and Allowances of Enlisted		N/A		
(Pay Raise) 4/	(-)	()	()	()
(Inflation)	(-)	()	()	()
(Overseas Station Allowances)	()	()	()	()
(Enlisted Average Strength)	()	(N/A)	()	()
PCS 5/		N/A		
(Pay Raise) 4/	(-)	()	()	()
(Inflation)	(-)	()	()	()
Total				

Explanation of Differences: This exhibit supports the OP-53B for military personnel appropriations 6/

- 1/ Round data to nearest tenth of a million.
- 2/ End strength excludes afloat personnel as well as those assigned to U. S. possessions and territories.
- 3/ Pay and allowances are based on pricing of average strength with overall average rates including basic pay, BAQ, subsistence, clothing maintenance allowances, FICA and retired pay accrual. Duty at certain places, overseas station allowances, overseas extension pay and appropriate segments of family separation allowances should also be included in the pay and allowances line.
- 4/ Pay raise and inflation should be identified as memo entries using FY 1989 as the base year. Overseas station allowance amounts included in each year should also be identified as a memo entry.
- 5/ PCS costs should equal the cost of the rotational move program.
- 6/ Explanation of differences should address reasons for strength changes as well as dollar changes. Explanation of changes should separately address program (strength related) and price changes. Average strength must be identified for all years.

Department of the _____
Overseas Fund
Military Personnel Overseas Funding Change FY 19BY1 to FY 19BY2

Appropriation: _____
(\$ in Millions)

	FY 19BY1 E/S 2/ Amount 3/	FY 19BY2 E/S Amount	Change Over FY 19BY1 E/S Amount
Pay and Allowances of Officers			
(Pay Raise) 4/	(-)	(-)	(-)
(Inflation)	(-)	(-)	(-)
(Overseas Station Allowances)	(-)	(-)	(-)
(Officer Average Strength)	(-)	(N/A)	(-)
Pay and Allowances of Enlisted			
(Pay Raise) 4/	(-)	(-)	(-)
(Inflation)	(-)	(-)	(-)
(Overseas Station Allowances)	(-)	(-)	(-)
(Enlisted Average Strength)	(-)	(N/A)	(-)
PCS 5/			
(Pay Raise) 4/	(-)	(-)	(-)
(Inflation)	(-)	(-)	(-)
Total			

Pay and Allowances of Officers

(Pay Raise) 4/

(Inflation)

(Overseas Station Allowances)

(Officer Average Strength)

Pay and Allowances of Enlisted

(Pay Raise) 4/

(Inflation)

(Overseas Station Allowances)

(Enlisted Average Strength)

PCS 5/

(Pay Raise) 4/

(Inflation)

Total

Explanation of Differences: This exhibit supports the OP-53B for military personnel appropriations 6/

1/ Round data to nearest tenth of a million.

2/ End strength excludes afloat personnel as well as those assigned to U. S. possessions and territories.

3/ Pay and allowances are based on pricing of average strength with overall average rates including basic pay, BAQ, subsistence, clothing maintenance allowances, FICA and retired pay accrual. Duty at certain places, overseas station allowances, overseas extension pay and appropriate segments of family separation allowances should also be included in the pay and allowances line.

4/ Pay raise and inflation should be identified as memo entries using FY19BY1 as the base year. Overseas station allowance amounts included in each year should also be identified as a memo entry.

5/ PCS costs should equal the cost of the rotational move program.

6/ Explanation of differences should address reasons for strength changes as well as dollar changes. Explanation of changes should separately address program (strength related) and price changes. Average strength must be identified for all years.

FY 1989 Base Year Amount

<u>Account</u>	<u>(\$ Millions)</u>
<u>Department of the Army</u>	
O&M, Army	5,219.7
O&M Army Res.	.9
Mil Pers, Army	7,946.7
Reserve Pers,	
Army	6.4
National Guard,	
Army	5.8
Family Housing	
Army O&M	694.8
Family Housing,	
Army-Const	25.3
Military Const,	
Army	<u>343.7</u>
Total	14,243.3

Department of the Navy

O&M, Navy	1,232.5
O&M Marine Corps	187.9
Mil Pers, Navy	1,127.9
Mil Pers,	
Marine Corps	866.3
Family Housing,	
Navy-O&M	104.9
Family Housing,	
Navy-Const	8.8
Military Const,	
Navy	<u>91.4</u>
Total	3,619.7

Department of the Air Force

O&M, Air Force	2,779.0
Mil Pers,	
Air Force	4,896.1
Family Housing,	
AF-O&M	300.2
Family Housing,	
AF-Const	49.0
Military Const,	
Air Force	<u>312.3</u>
Total	8,336.6

Exhibit OP-53B (page 7 of 8)

Defense Agencies

(\$ Millions)

Account/Agency

FY 1989

Base

<u>O&M</u>	<u>951.8</u>
DODDE	814.7
DLA	48.1
DMA	4.4
DCAA	3.7
OSD	2.2
WHS	1.9
OCHAMPUS	1.1
OSIA	2.1
DIS	8
OIG	1.5
DTSA	1
DNA	.1
DISA (Formerly DCA)	6.1
*Intell & Communications	65.0
 <u>Family Housing, - O&M</u>	 <u>19.2</u>
DMA	.1
*Intell & Communications	19.1
 <u>Family Housing, - Const</u>	 <u>.7</u>
*Intell & Communications	.7
 <u>Military Construction</u>	 <u>215.5</u>
DODDE	53.2
DMFO	143.2
DLA	2.6
DNA	3.8
DISA (Formerly DCA)	.7
*Intell & Communications	12.0
 Total	 1,187.2

*Identification of split between communications and intelligence agencies is classified but may be obtained on a need to know basis from the Operations Directorate, Office of the DoD Comptroller (697-9317).

Exhibit OP-53B (page 8 of 8)

CHAPTER 16
INTELLIGENCE PROGRAM/ACTIVITIES
Table of Contents

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CHAPTER 16

INTELLIGENCE PROGRAM/ACTIVITIES

1601 GENERAL

160101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for Intelligence Programs/Activities.

B. The following programs/activities are covered in this Chapter:

- Defense Intelligence Programs (DIP)
- Tactical Intelligence Related Activities (TIARA)

160102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 16 covers specific material requirements for the Intelligence Programs/Activities.

160103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapter 16 provides additional specific guidance with regard to the material required for the Intelligence Programs/ Activities.

160104 References

Chapter 19, Special Program Classifications and Definitions, provides the Elements (PEs) of the Future Years Defense Program (FYDP) making up these programs.

1602 BUDGET ESTIMATES SUBMISSION

160201 Purpose

This Section provides guidance for presentation of annual budget estimates for the Defense Intelligence Program (DIP). The subprograms and program elements making up the DIP are detailed in Chapter 19, Section 1910. All appropriations financing requirements of the DIP are included.

160202 Submission Requirements

A. The DIP manpower and resource levels submitted in the budget for the Military Departments and Defense Agencies shall be identical to the manpower and resource levels approved in the Future Years Defense Program (FYDP). No change to the Defense Intelligence Program will be made except by Program Budget Decisions (PBDs) 330 through 339. The approved resource levels will include all pay raises, inflation, and any other fact-of-life or miscellaneous adjustments.

B. When developing NFIP Military cost estimates for the OSD budget submission, the Components will apply the average annual military pay rates, to include PCS costs, applicable to the latest FYDP. Rates are published in Part I, Summary Tables, of the FYDP.

C. Data submitted by each Military Department and Defense Agency to OSD in support of DIP package estimates will include all manpower and resource requirements consistent with the FYDP and will be assembled and submitted in separate packages as follows:

1. Consolidated Cryptologic Program
2. General Defense Intelligence Program
3. Special Activities
4. Foreign Counterintelligence Program
5. Central Imagery Office

D. Copies of DIP budget materials prescribed by the Director of Central Intelligence (DCI) will be delivered by each Military

Department and Defense Agency to the Directorate for Construction, USD(Compt) (Program/Budget), Room 3D841, Pentagon, concurrently with submission to the DCI. If

necessitated by security considerations, the copies for USD (Compt) may be delivered to the DIA Internal Distribution Branch, Room 2C230, Pentagon. For the Consolidated Cryptologic Program, two of these copies should be made available for OSD use at NSA Fort Meade (N22). Copy requirements are identified in Section 010301.

E. For the biennial budget, separate sections or volumes will be provided for Biennial Year 1 (BY1) and Biennial Year 2 (BY2). For the Biennial Year 2 (BY2) section, BY1 will be considered as the prior year and BY2 as the budget year.

1603 CONGRESSIONAL JUSTIFICATION/PRESENTATION

160301 Purpose

This Section provides guidance for the organization of justification material for the Defense Intelligence Program, *Joint Military Intelligence Program*, and Tactical Intelligence and Related Activities.

160302 Organization of Justification Books

A. Defense Intelligence Program
Congressional Budget Justification Books will be prepared in accordance with instructions issued by the Director of Central Intelligence. Generally, justification material for the Defense Intelligence Program (Defense elements of the National Foreign Intelligence Program (NFIP)) will be organized as follows:

"Consolidated Cryptologic Program"

"General Defense Intelligence Program"

"Special Activities, Air Force"

"Special Activities, Navy"

"Defense Counterintelligence Program"

"Central Imagery Office"

B. Joint Military Intelligence Program

Congressional Justification Books for Joint Military Intelligence Program (JMIP) will be prepared in accordance with supplemental instructions issued by the Assistant Secretary of Defense (C³I) as the Executive Agent for Command, Control, Communications and Intelligence as established by Deputy Secretary of Defense memorandum dated November 30, 1981. Generally, the justification material will be organized by Service/Agency. A summary volume will be prepared by OSD.

C. Tactical Intelligence and Related Activities

Congressional Justification Books for Tactical Intelligence and Related Activities (TIARA) will be prepared in accordance with supplemental

instructions issued by the Assistant Secretary of Defense (C³I) as the Executive Agent for Command, Control, Communications and Intelligence as established by Deputy Secretary of Defense memorandum dated November 30, 1981. Generally, the justification material will be organized by Service/Agency. A summary volume will be prepared by OSD.

160303 Classification and Submission of Justification Books

A. Classification. The justification books for Intelligence Programs/Activities will be prepared at whatever level of classification is necessary to fully explain and justify the budget. Because of classification, justification books will be delivered through special intelligence channels to Room 3C200, Pentagon.

B. Justification Book Preparation and Summarization. Justification book preparation assignments are as follows:

1. Consolidated Cryptologic Program - National Security Agency (NSA) with Army, Navy*, and Air Force
2. General Defense Intelligence Program - DIA, with Army, Navy*, and Air Force
3. Air Force Special Activities - Air Force
4. Navy Special Activities - Navy
5. Defense Counterintelligence Program - USD (Policy), with Army, Navy, Air Force, OSIA, and DIA
6. Central Imagery Office - Central Imagery Office, with Army, Navy, and Air Force
7. Joint Military Intelligence Program - OSD with Army, Navy, Air Force, DMA, and DRSP
8. Tactical Intelligence and Related Activities
 - a. Tactical Intelligence and Related Activities (Summary) - OSD

- b. Tactical Intelligence and Related Activities, Army - Army
- c. Tactical Intelligence and Related Activities, Navy* - Navy
- d. Tactical Intelligence and Related Activities, Air Force - Air Force
- e. Defense Agencies and Other Special Intelligence Annexes** - OSD
- f. Tactical Cryptologic Program, NSA

to identify completely Defense intelligence or intelligence-related activities. Each Military Department and Defense Agency will provide a listing of R-1, P-1 and C-1 line items that are justified in NFIP, JMIP, or TIARA justification books. This listing will be in DIP Form 1, Defense Intelligence Appropriation Crosswalk, and will be classified SECRET. The DIP Form 1 format is provided in Section 160402. This listing should be submitted no later than January 31, in two (2) copies, to USD(Compt), P/B, Directorate for Construction, Room 3D841, and Intelligence Program Support Group, OASD(C³I), Room 1C535, the Pentagon.

* All Navy volumes will include Marine Corps activities.

**Includes selected Army, Navy, Air Force, and Marine Justifications as well as those of DARPA and DMA, DSPO, SDIO, and DIA.

C. Printing of Copies.

1. Defense Intelligence Program

Justification books will be presented in the formats and number of copies specified by the Director of Central Intelligence. The individual volumes, upon OSD approval, will be printed by the originating Department/Agency. The final printed volumes are due not later than the last working day in January.

2. Joint Military Intelligence

Program. Number of copies required and printing specifications for Justification books will be in accordance with supplemental instructions issued by the Assistant Secretary of Defense (C³I).

3. Tactical Intelligence and

Related Activities. Number of copies required and printing specifications for Justification books will be in accordance with supplemental instructions issued by the Assistant Secretary of Defense (C³I).

160304 Relationship of Defense Intelligence Program/Activities Congressional Justification Books with Military Department and Defense Agency Justification Books

Individual Defense appropriation justification volumes are not intended to duplicate the material contained in the NFIP, JMIP, or TIARA Congressional Justification Books. However, sufficient cross-referencing is required

1604 INTELLIGENCE
PROGRAM/ACTIVITIES SUBMISSION
FORMATS

160401 Purpose The formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

160402 Exhibits in Support of Section 1603 - Budget Estimate Submission

Exhibit DIP Form 1 Defense Intelligence Program/TIARA Crosswalk.....7

DEFENSE INTELLIGENCE PROGRAM CROSSWALK

DEFENSE INTELLIGENCE PROGRAM

-OR-

JOINT MILITARY INTELLIGENCE PROGRAM

-OR-

TACTICAL INTELLIGENCE AND RELATED ACTIVITIES (TIARA)

Cross Reference to Appropriation Summary Program (-1)

FY 19XX

Page No.	Budget Activity	Line Item	Nomenclature	Functional Area	(TOA \$ in Millions)		
					Total	TIARA/DIP	TIARA/DIP Other Than TIARA/DIP

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COMMAND, CONTROL and COMMUNICATIONS
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CHAPTER 17

COMMAND, CONTROL AND COMMUNICATIONS

1701 GENERAL

170101 Purpose

This chapter provides instructions applicable to congressional budget justification material for Command, Control and Communications (C3) programs and DoD Information Systems Security programs.

170102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 17 covers specific material requirements for the Command, Control and Communications (C3) programs.

170103 Preparation of Material

General guidance with regard to submission requirements is presented in Chapter 1. Chapter 17 provides specific guidance regarding material required for the Command, Control and Communications (C3) programs.

170104 References

Chapter 1 provides general funding policies, Chapter 3 provides specific policies and formats related to Operation and Maintenance costs, Chapter 4 provides specific policies and formats related to Procurement appropriations, Chapter 5 provides specific policies and formats related to RDT&E, and Chapter 6 provides specific policies and formats related to Military Construction appropriations.

1702 BUDGET ESTIMATES SUBMISSION

170201 General

There is no requirement for a budget estimate submission.

1703 CONGRESSIONAL JUSTIFICATION/PRESENTATION

print the required number of copies (125), and make appropriate distribution.

170301 Purpose

This Section provides guidance for the organization of justification material for the Command, Control and Communications (C3) programs.

170302 Justification Book Preparation

The office of the Assistant Secretary of Defense for Command Control, Communications and Intelligence (C3I) will annually prepare a C3 Budget Justification Book in support of selected C3 programs contained in the President's budget request to the Congress. Similarly, the National Security Agency (NSA) will prepare a Budget Justification Book on DoD Information Systems Security.

170303 Submission of Justification Books

The C3 Budget Justification Books will consist of a DoD C3 Budget Justification Book and a DoD Information Systems Security Budget Justification Book. These instructions relate only to the preparation of the C3 Budget Justification Book. Instructions for the Information Systems Security Budget Justification Book will be published separately by NSA.

170304 Input for C3 Budget Justification Books

A. The Services' and Defense Agencies' inputs to the C3 Budget Justification Book will consist of exhibits on C3 programs from the RDT&E, Procurement, MILCON, and O&M budget justification material included in the President's budget request. The material will be provided to the OASD(C3I), DASD(P&R), Room 3D228, Pentagon, concurrent with the President's budget submission. Specific programs to be included in the C3 Budget Justification Book and other required data will be annually identified by the OASD(C3I). Since specific program information will be annually selected in agreement with the congressional staffs, selected programs and coverage may vary.

B. OASD(C3I) will consolidate the inputs into a single C3 Budget Justification Book,

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INFORMATION TECHNOLOGY
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CHAPTER 18

INFORMATION TECHNOLOGY

1801 GENERAL

180101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional justification for Information Technology programs.

B. These instructions apply to the Office of the Secretary of Defense (OSD), the Military Departments (including their National Guard and reserve components), the Joint Staff, Unified Commands, the Inspector General DoD, the Defense Agencies (excluding Defense Security Assistance Agency), the DoD Field Activities, the Joint Service Schools, the Defense Health Program, and the Court of Military Appeals. All DoD appropriation accounts and funds are encompassed.

C. All Defense Components that have Information Technology (IT) resource obligations that equal or exceed \$2 million in a fiscal year will report an exhibit 43. All Components will report an exhibit 43(IT-1). For those Components that meet the \$10 million automated information system (AIS) total cost per year threshold will report an exhibit 43(IT-2). All Components using (regardless of dollar value) any indefinite delivery/indefinite quantity or requirements contracts that meet a \$100 million contract life cost or \$25 million fiscal year threshold will report exhibit 43(IT-3). Only those Components meeting the central design activity (CDA) \$5 million total cost per fiscal year need report an exhibit 43(IT-4).

180102 Submission Requirements

General guidance with regard to submission requirements is presented in Chapter 1. However, this chapter covers specific distribution instructions for the Information Technology Programs. All applicable exhibits and electronic data base will be submitted for both the OSD Budget Estimates Submission (BES) and the Congressional Justification submission or Presidents Budget (PB).

180103 Preparation of Material

General guidance with regard to the preparation of material is presented in Chapter 1. This Section covers specified formats and specific material reporting requirements for the Information Technology programs.

180104 References

A. Chapter 1 provides general funding policies; Chapter 3 provides specific policies related to Operation and Maintenance costs; Chapter 4 provides specific policies related to Procurement appropriations; Chapter 5 provides specific policies related to RDT&E; Chapter 6 provides specific policies related to Military Construction appropriations; Chapter 9 provides specific policies related to the Defense Business Operations Fund (DBOF), and Chapter 19 provides information on financial and financially mixed systems. Requirements are also addressed in the Office of Management and Budget (OMB) Circular No. A-11, "Preparation and Submission of Budget Estimates," Section 43, "Data on Acquisition, Operation, and Use of Information Technology."

B. DoD Directive 5000.1, "Defense Acquisition," Dated March 15, 1996 (provides guidance for the Life-Cycle Management of Automated Information Systems) and DoD Regulation 5000.2-R, "Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs" (provides guidance for the Automated Information System Life-Cycle Management Process, review, and milestone approval procedures) should be referenced in fulfilling 43 Exhibit Life-Cycle Management (LCM) reporting requirements.

C. The Paperwork Reduction Act of 1995 and the Information Technology Management Reform Act of 1996 should be referenced for the latest definitions regarding IT Resources.

1802 BUDGET ESTIMATES SUBMISSION

180201 Purpose

This Section provides guidance for preparation and submission of budget estimates for the Information Technology resources to OSD. Supplemental guidance will be issued, if required, to effect any reporting requirements resulting from congressional or Office of Management and Budget (OMB) action.

180202 Submission Requirements

A. The following exhibits, for which specified formats and detailed instructions are provided in Section 180402, are required:

- 43ES Executive Summary
- 43 Report on Information Technology Resources
- 43(IT-1) Information Technology Resources by CIM Functional Area
- 43(IT-2) Descriptive Summary
- 43(IT-3) IT Resource Requirements and Indefinite Delivery/Indefinite Quantity Contract(s)
- 43(IT-4) Central Design Activity Summary

B. Distribution of the OSD budget estimates material will be made in accordance with the charts contained in Chapter 1. Exhibits shall be (1) in portrait (8 1/2 by 11); (2) double sided; and (3) three hole punched on the left side for assembly in three ring binders. Also, specific instructions will be provided for the automated submission of the exhibits identified above.

C. *Narrative Statement.* All Components will provide a narrative summary entitled "Executive Summary." The Executive Summary (43ES) will address, at a minimum, the following areas: (1) describe the Defense Components overall IT program and how it supports the submitting Component's

mission.; (2) describe the major initiatives supported in the budget year estimate; and (3) explain changes to the prior baseline budget submitted to Congress. Additional reporting requirements will be identified in the call memorandum, as necessary.

180203 Definitions

Section 010201 provides policies and definitions regarding the application of expenses and investment criteria for budgetary purposes. In addition to the definitions listed below, instructions are included either on the exhibit or following the exhibit.

A. *Automated Information System (AIS).* A combination of elements that will function together to produce the capabilities required to fulfill a mission need, including functional user, computer hardware and computer software, data and/or telecommunications, personnel, procedures that are designed, built, operated, and maintained to perform the functions such as collecting, recording, processing, storing, retrieving, transmitting, and displaying information.

B. *Information Technology (IT).* The term IT is used in Public Law 99-591 of 1986. The Office of Management and Budget Circular A-11 uses the term Information Technology (IT) Resources to describe the resources covered by the Public Law 104-106. See the definition for IT Resources.

C. *Current Services.* Current Services represents the cost of operations at a current capability and performance level when the budget is developed. That is, what the cost would be if nothing changes from the baseline other than fact of life reductions, termination's or new systems becoming operational.

Current Services include:

1. Those personnel whose duties relate to the general management and operations of information technology.
2. Maintenance of existing AIS.
3. Corrective software maintenance which includes all efforts to diagnose and correct actual errors (i.e., processing or performance errors) in a system and shall be reported as "Current Services."

4. Maintenance of existing voice and data communications capabilities.

5. Replacement of broken IT equipment needed to continue operations at the current service level.

6. All other related costs not identified as Development/Modernization.

D. Depreciation Expense. For the purpose of Exhibit 43, "Report on Information Resources" reporting DBOF activities will not report depreciation expense. For DBOF activities, depreciation expense is built into the billing rates. Therefore, to minimize the reporting burden for DBOF and non-DBOF activities, the depreciation expense included in the payment and collection of services (reported under line 8, "Intra-Governmental Payments, and line 9, "Intra-Governmental Collections," respectively) will not require any special adjustments (except for the Defense Megacenters as discussed below). The full purchase price for equipment, software, services, support services and supplies will be reported in the appropriate category. This reporting policy will (1) eliminate duplicate reporting of equipment and software purchases by removing the reporting of past purchases through depreciation; (2) allow comparable reporting for DBOF and non-DBOF activities; and (3) accurately portray the Department total of all Defense Components (the depreciation expense will net to zero for payments and collections).

1. The Defense Megacenters will require special reporting to separately account for depreciation of capital assets on the Exhibit 43 in item 7, Other. Because their capital requirements are collected as part of their rates and also displayed on their Exhibit 43 as purchases or leases an adjustment is required. Depreciation will be included in item 7 to net to zero the purchases/leases of capital assets shown in items 1. Equipment, 2. Software, etc. on the Exhibit 43 for the Defense Information Systems Agency (DISA).

2. The DISA will ensure that this data tracks with the DBOF capital exhibits and does not cause any double accounting of IT resources in the DoD IT total.

E. Development/Modernization. Any change or modification to an existing AIS which

results in improved capability or performance of the baseline AIS. Improved capability or performance achieved, as a byproduct of the replacement of broken IT equipment to continue operations at the current service levels is not categorized as Development/Modernization.

Development/Modernization includes:

1. Program costs for new AISs that are planned or under development.

2. Any change or modification to an existing AIS which is intended to result in improved capability or performance of the AIS. These changes include (a) all modifications to existing operational software (other than corrective software maintenance); (b) acquiring technologically newer IT equipment to replace outdated IT equipment regardless of the age of the equipment or its commercial availability; and (c) expansion of existing capabilities to new users.

3. Changes mandated by Congress or the Office of the Secretary of Defense.

4. Personnel from the project management office and other direct support personnel involved with Development/Modernization.

F. Economic Replacement: Economic replacement of outdated IT equipment is not considered "Current Services" and shall be reported under "Development/Modernization."

G. Information Technology (IT) Resources. Refer to OMB Circular A-11, Section 43, "Data on Acquisition, Operation, and Use of Information Technology" and the Information Technology Reform Act of 1996 (ITMRA) for the definitions regarding IT Resources. However, section 180402 provides basic definitions and examples of IT Resources. "IT Resources" and "ADPE" are used synonymously in this chapter.

H. General Management Personnel. Includes those people who are in policy, oversight, and/or other functions such as review of AIS program plans, life-cycle management oversight, strategic planning, headquarters staff, base level operators, engineers, etc. For the purposes of Exhibit 43 reporting, general management

personnel will be categorized as "Current Services."

I. Information Technology Resources.

The Information Technology (IT) Resources that must be reported under this chapter are defined by OMB Circular A-11. IT Resources covered by ITMRA, P.L. 104-106) are included.

1. The Exhibit 43 reporting will capture the entirety of the DoD's programmed consumption of IT resources (including any BRAC related IT), as it applies to procurement, maintenance, operation and utilization of IT Resources (formerly referred to as ADPE) whether performed by in-house, by contractor, by other intra-agency, or intergovernmental agency.

2. No classified IT resources will be reported.

3. Both system and non-system IT resources including base level units (communications, engineering, maintenance, and installation) and management staffs at all levels are included in exhibit 43 reporting

J. Information Technology Resources Reporting Exemptions. The following IT resources are exempt from Exhibit 43 reporting:

1. IT Resources (formerly referred to as ADPE) acquired by a Federal Contractor which are incidental to the performance of a Federal Contract;

2. Radar, sonar, radio, or television equipment;

3. The procurement by the DoD of IT Resources (formerly referred to as ADPE) or services, the function, operation, or use of which:

a. involves intelligence activities;

b. involves cryptologic activities related to national security;

c. involves the command and control of military forces which are critical to the direct fulfillment of military or intelligence missions and which is primarily acquired or designed to support the Commander after

deployment. This exclusion shall not include IT Resources (formerly referred to as ADPE) used for routine administrative and business applications such as payroll, finance, logistics and personnel management.

d. involves equipment which is an integral part of a weapon or weapon systems which are physically a part of, dedicated to, or essential in real time performance of the mission of the weapon system; or

e. Involves embedded IT equipment that would need to be substantially modified to be used other than as an integral part of a product; e.g. diagnostic testing and maintenance, or calibration of a weapons system.

NOTE: For all command and control systems, Services, Agencies and Unified Commands will request an exemption from the Exhibit 43 reporting or any exemption for reporting of IT resources not contained in (1) through (3) above must be obtained from the ASD(C3I) during the Program Objective Memorandum (POM) process.

K. Life-Cycle Cost (LCC). The total cost to the Government for an AIS over its full life. It includes the cost of requirements analyses, design, development, acquisition and/or lease, operations, support and, where applicable, disposal. It encompasses both contract and in-house costs, all cost categories and all related appropriations/funds.

L. Life-Cycle Management (LCM). A management process applied throughout the life of an AIS, that bases all programmatic decisions on the anticipated mission-related and economic benefits derived over the life of the AIS.

M. LCM Milestone. The decision point, separating the phases of an AIS life cycle, at which the AIS status is assessed for fitness to proceed to the next phase. The activities that have been performed in the preceding LCM phases, development and validation of an economic analysis (EA), the status of program execution and program management's plans for the remainder of the program area assessed, and exit criteria for the next LCM phase are established during the milestone review and decision process. The LCM milestones are as follows:

- Milestone O. "Approval to Conduct Concept Studies."
- Milestone I. "Approval to Begin a New Acquisition Program."
- Milestone II. "Approval to Enter Engineering and Manufacturing Development."
- Milestone III. "Production or Fielding/Deployment Approval."

N. LCM Phases:

- Phase O. "Concept Exploration."
- Phase I. "Program Definition and Risk Reduction."
- Phase II. "Engineering and Manufacturing Development"
- Phase III. "Production, Fielding/ Deployment., and Operational Support."

O. Major AIS. A Major AIS is an AIS that is not a highly sensitive, classified program (as determined by the Secretary of Defense) and that:

1. Has anticipated program costs, computed in FY 1996 constant dollars, in excess of \$120 million; or
2. Has estimated program costs, computed in FY 1996 constant dollars, in excess of \$30 million dollars in any single year; or
3. Has estimated life-cycle costs, computed in FY 1996 constant dollars, in excess of \$360 million; or
4. Is so designated by the DoD milestone decision authority (MDA).

P. Nonappropriated Funds (NAFs). Cash and other assets received by Nonappropriated Fund Instrumentalities (NAFIs) from sources other than monies appropriated by the Congress of the United States. NAFs are public monies; they are used for the collective benefit of military personnel, their dependents, and authorized civilians who generated them. These funds are separate and apart from funds that are recorded in the books of the Treasurer of

the United States. For the purposes of Exhibit 43 reporting, NAF is excluded.

Q. Non major AIS. An AIS other than a major AIS or a highly sensitive, classified program. For the purposes of Exhibit 43 reporting (1) in the Budget Estimate Submission, a non major AIS is reported at the same threshold as provided in the for the Program Objective Memorandum preparation instructions (e.g., an AIS that does not meet the criteria for a major system yet has a total of \$2 million (to include both Development/Modernization and Current Services) obligations (costs) per fiscal year), and (2) for the Congressional Justification submission, a non major AIS is an AIS that does not meet the criteria for a major system yet has a total of \$10 million (to include both Development/Modernization and Current Services) obligations (costs) per fiscal year.

R.. Outdated IT Equipment: Outdated ADPE includes any ADPE, regardless of cost, that is over 8 years old (based on the initial commercial installation date of the equipment), and no longer is in current production. Outdated IT equipment shall be reported under "Development/Modernization."

S. All Other. For those "Development/Modernization" and/or "Current Services" costs/obligations as well as AISs not meeting the major system threshold nor non major threshold. All IT resources will be categorized by the applicable Corporate Information management (CIM) functional area (see section 180205) under the 43 (IT-1)

T. Program Cost. The total of all expenditures, in any appropriation and fund, directly related to the AIS definition, design, development, and deployment, and incurred from the beginning of the "Concept Exploration" phase through deployment at each separate site. For incremental and evolutionary program strategies, program cost includes all increments. Program cost does not include operations and support costs incurred at an individual site after operational activation of any increment at that site, even though there may exist other sites that have not completed deployments. Program Cost is the same as Program Acquisition Cost as defined in Chapter 3, DoD Manual 5000.4-M, "Cost Analysis Guidance and Procedures", December 1992.

180204 Arrangement of Backup Exhibits

A. Exhibits will be assembled in the sequence shown in Section 180202, as applicable. Also, a summary index and an index for each set of exhibits (e.g. exhibits 43(IT-1), 43(IT-2), 43(IT-3) and 43(IT-4)) shall be prepared. AISs will be listed in alphabetical order for each index and on the exhibits. Note: the index will also identify any changes from the prior year congressional justification baseline

B. A standard designator for Corporate Information Management (CIM) functional areas should align with the Components and/or Principal Staff Assistant (PSA) Migration Strategy Plan. For further clarification, you may contact the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) (ASD(C3I)) and the functional proponent (PSA) for the AIS. These CIM functional areas are contained in section 180205.

1. For exhibits 43(IT-1), 43(IT-2) and 43(IT-4), identify and group the separate AIS or initiatives by CIM functional areas as identified in Section 180205. Arrange all exhibits that identify CIM functional area in the same sequence as the exhibit 43 (IT-1) reports, starting with entries which relate to major AISs, Non Major AISs, and All Other. AISs are to be in alphabetical sequence per section of the report/index.

2. For those Components not meeting the major and non major dollar thresholds, all IT resources will be categorized under "Other" by the applicable Corporate Information management (CIM) functional area (see section 180205) under the 43(IT-1)

C. For the second year of a biennial budget submission, only three fiscal years need to be shown. Simply shift one year to the right and re-label the fiscal years. For example, the biennial FY 19PY--this was CY in the prior years Congressional Justification submission; the biennial FY 19CY--this was BY1 in the prior years Congressional Justification submission; and the biennial FY 19BY1--this was BY2 in the prior years President's budget submission on exhibits 43, 43 (IT-1), 43(IT-2), 43(IT-3) and 43(IT-4).

180205 Corporate Information Management Infrastructure and Functional Areas

All information technology resources that are to be reported will be identified under one of the following Corporate Information Management infrastructure or functional areas:

- Atomic Energy
- Civilian Personnel (covers civilian personnel life cycle)
- Command and Control
- Core Infrastructure - Communications (both long haul DISN/non DISN telecommunication services, satellite, long haul other, base level voice, video, and data transmission. Excludes security)
- Core Infrastructure - Computing (Defense Megacenters DIAS and users, base level, end-user computing, servers, office automation, headquarters. Excludes end-to-end communications)
- Core Infrastructure - Related Technical Activities (technical standards, engineering, testing, data standardization, data sharing)
- Core Infrastructure - Value Added Services (Defense Message System, electronic commerce/electronic data interchange, security, video teleconferencing, network and system management)
- Core Infrastructure - Other (any that do not fit the other core infrastructure areas)
- Economic Security (industrial base information, dual use technology, BRAC, international programs, installation management)
- Environmental Security (environmental technology, compliance and prevention, clean up/restoration, occupational health and safety)
- Finance (programming, budgeting, financial operations activities, other financial/PPBES)
- Health (medical care, medical logistics, dental, medical readiness, other medical)
- Information Management (records management, publications, other information management)
- Intelligence
- Logistics (distribution centers, material management, depot management, transportation, other logistics activities)
- Military Personnel and Readiness (core activities, recruiting, accessioning, training, education, allocation, sustainment, quality of life, retirement, separations, other human resources)
- Other Staff (legal management, IG activities, other)
- Policy (special operations forces, other policy)
- Procurement/Contract Administration

Reserve Affairs
Science and Technology
System Acquisition Management (oversight, project management, design/engineering)
Test and Evaluation (acceptance test, contractor test, development test, operational test and evaluation, test planning)

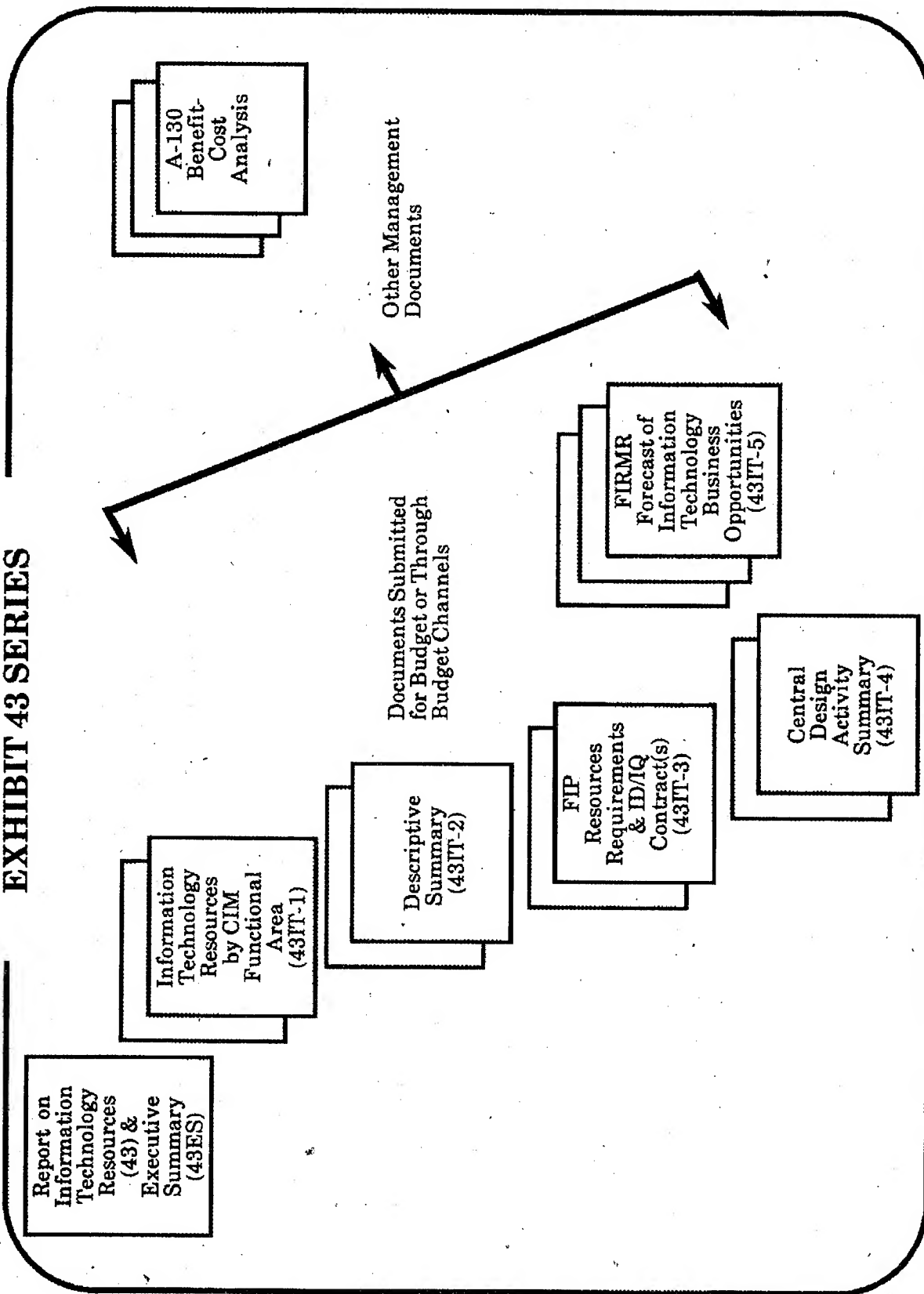
Further definition of these CIM areas can be found in the Tab G of the POM Preparation Instructions (PPI). For those resources that cross more than one area, report only in one place. Choose the area to report based on the preponderance of the resources concept. Then explain this application to other CIM areas in item #2, CIM Functional Area, of the exhibit 43(IT-2).

180206 Financial Management Activities or Systems.

A. The OMB requires the identification of financial and financially mixed AIS in Section 40, "Data on Financial Activities." It is incumbent upon each DoD Component to ensure that AIS information reported in the IT budget and in Section 40 are in agreement.

B. The Exhibit 43(IT-1) for all financial AISs must be reconcilable to the Exhibit 40B (as prescribed in Volume 2, Chapter 19 of the FMR) for both the BES and PB submissions to USD(Comptroller).

EXHIBIT 43 SERIES



1803 CONGRESSIONAL JUSTIFICATION/PRESENTATION

180301 Purpose

This Section provides guidance for the organization of justification material for the Information Technology programs submitted in support of the President's budget. The Department will submit a consolidated report no later than 30 days after the President's budget is transmitted to Congress.

180302 Justification Book Preparation

Justification Books will be prepared in the same manner as specified in Section 1802. In addition, the justification books submitted to Congress are to be unclassified.

180303 Submission Requirements

Submission requirements are as specified in Section 1802 except as noted below:

A. *Advance copies are required to be reviewed and approved by the Office of the Under Secretary of Defense (Comptroller) (OUSD(Comptroller)) prior to DoD Component's official submission and printing. One advance copy of the exhibits (both electronic and hard copy) is to be provided to the USD (Comptroller), Office of the Deputy Chief Financial Officer (Attention ITFM) room 3E831 Pentagon. Two advance copies are also to be provided to the ASD(C3I), DASD(P&R), room 3D228 Pentagon.*

B. *Forecast of Information Technology Business Opportunities. This information was formerly required for the Congressional Justification materials. The data for this report shall be based on the Presidents budget and submitted to ASD(C3I), DASD(P&R), room 3D228 Pentagon. Section 180403 provides reporting instructions.*

180304 Input for Summary Information Technology Justification Books

A. *General. All exhibit data shall be submitted on paper and in automated form. The OUSD (Comptroller) is responsible for providing the DoD Information Technology summary tables of the Exhibit 43 data in*

accordance with prior congressional direction and Section 1804 of this Chapter. To accomplish this requirement, the Exhibit 43 and the Exhibit 43 (IT-1) electronic formats will be used by the Defense Components as part of their submission. The Office of the Deputy Chief Financial Officer (ITFM) will maintain the electronically submitted Exhibit 43 database. Other specific guidance to electronically submit the Exhibit 43 will be provided as required.

B. *Distribution of the final justification books for Congress, the Office of Management and Budget (OMB), the Government Accounting Office (GAO) and the DoD Inspector General.*

1. *Distribution will be made by the OUSD (Comptroller) once they have been reviewed and approved*

2. *All submitting Defense Components are to provide 21 copies of the final IT exhibits (ready for placement in three ring binders) to the OUSD (Comptroller), ITFM Directorate for distribution.*

3. *OUSD (Comptroller) ITFM will prepare the summary tables, POC list, assemble the justification books, and make distribution to Congress (House National Security Appropriations Subcommittee (1 copy, minority 1 copy), Senate Defense Appropriations Subcommittee (1 copy, minority 1 copy), House National Security Committee (2 copies), Senate Armed Services Committee (2 copies)) OMB (3 copies), GAO (4 copies), PA&E (1 copy), PA (2 copies), OIG (1 copy), ITFM (1 copy), and C3I (1 copy).*

C. *Once the justification books have been released to the Congress and the OMB, the remaining distribution will be made as soon as possible (but not later than 12 business days) by the Defense Components. The distribution will be made in accordance with the table (Justification Material Supporting the President's Budget Request) in Volume 2, Chapter 1 (less the initial distribution (21 copies) from B.3. above).*

1804 INFORMATION TECHNOLOGY
PROGRAM SUBMISSION FORMATS

180401 Purpose

The formats provided on the following pages reflect guidance presented in previous sections of this chapter. Further clarification is also provided within the specific detailed instructions for the exhibits under section 180402. Unless modified in a subsequent budget call, these formats should be adhered to.

180402 Exhibits in Support of Section 1802 - Budget Estimate Submission

43ES Executive Summary.....	12
43 Report on Information Technology Resources	13
43(IT-1) Information Technology Resources by CIM Functional Area.....	18
43(IT-2) Descriptive Summary	22
43(IT-3) Requirements and Indefinite Delivery/Indefinite Quantity Contract(s)	26
43(IT-4) Central Design Activity Summary	29

180403 Additional Materials in Support of Section 1803 - Congressional Justification/Presentation

43(IT-5) Forecast of Information Technology Business Opportunities	32
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(Name of DoD Component
Executive Summary
(Appropriate Submission Heading))

1. **Purpose.** For each Component meeting the reporting threshold for an Exhibit 43, "Report on Information Technology Resources," a narrative will also be submitted.
2. **Submission.** An exhibit 43, "Report on Information Technology Resources" and an "Executive Summary" are required from all Defense Components who have obligations/costs of \$2 million or more in any single FY 19PY, FY 19CY, FY 19BY1 or FY 19BY2 for information technology activities.
3. **Entries.** Defense Components will provide a narrative summary entitled "Executive Summary" and will address, at a minimum, the following areas to establish a new Congressional Justification baseline budget submission: (a) general description of the Defense Components information technology activities, and how they support the overall Component's mission; (b) major initiatives supported in the budget year estimate (in the biennial year only discuss the FY 19BY1; for the second year of the biennial budget discuss the amended BY or FY 19BY2; (c) explain all significant changes (increases or decreases) to the total on the Exhibit 43 and the total development/modernization and current services on the Exhibit 43(IT-1). Explain how the preceding budget baseline total for FY 19CY and FY 19BY changed by fiscal year to this budget. Explain for this budget submission the changes by FY 19PY, FY 19CY; FY 19BY1 and FY 19BY2 (for the amended budget the FY 19PY, FY 19CY and FY 19BY applies).

Additional reporting requirements will be identified in the call memorandum, as necessary. The ES should be done in a way that is most useful to provide understanding of the Components IT activities as well as to convey why funding has changed from the prior year baseline. Changes related to a specific exhibit section (e.g., deleting major AIS's from reporting, or eliminating reporting a IDIQ contract or a central design activity from last years budget) should be explained in that section of the Information Technology budget and not here.

Exhibit 43ES
(page 1 of 1)

(Name of DoD Component)
Report on Information Technology (IT) Resources
(Appropriate Submission Heading)
(Dollars in Thousands)

FY 19PY

FY 19CY

FY 19BY1

FY 19BY2

1. Equipment

A. Capital Purchases(>Current Capital Investment/Expense Criteria)

B. Purchases/leases (</= Current Capital Investment/Expense Criteria)

Subtotal

2. Software

A. Capital Purchases(>Current Capital Investment/Expense Criteria)

B. Purchases/leases (</= Current Capital Investment/Expense Criteria)

Subtotal

3. Services

A. Communications

B. Processing

C. Other

Subtotal

4. Support Services

A. Software

B. Equipment Maintenance

C. Other

Subtotal

5. Supplies

6. Personnel (Compensation/Benefits)

A. Software

B. Equipment Maintenance

C. Processing

D. Communications

E. Other

Subtotal

7. Other (Non-IT Resources)

A. Capital Purchases(>Current Capital Investment/Expense Criteria)

B. Other Current (</= Capital Investment/Expense Criteria)

Subtotal

8. Intra-Governmental Payments

A. Software

B. Equipment Maintenance

C. Processing

D. Communications

E. Other

Subtotal

9. Intra-Governmental Collections

A. Software

B. Equipment Maintenance

C. Processing

D. Communications

E. Other

Subtotal

NET IT RESOURCES (sum 1-9 above)

Workyears

Non-DBOF

DBOF

Appropriation/Fund (specify)

Exhibit 43
Page 1 of 5

1. Purpose. Data are collected for the management of investments and/or operations of information technology (IT) resources as required by the Paperwork Reduction Reauthorization Act of 1986.

2. Submission. An exhibit is required from each Executive Branch Department or Agency that obligates \$50 million or more in FY 19PY, FY 19CY, FY 19BY1, or FY 19BY2 for information technology activities. This threshold applies to DoD as a Department. Within DoD, all Defense Components who have obligations/costs of \$2 million or more in any FY 19PY, FY 19CY, FY 19BY1 or FY 19BY2 for information technology activities must submit this summary exhibit. Amounts will be in thousands of dollars. The electronic format is to be used for this exhibit.

3. Definitions.

a. Information Technology (IT) Resources. Total of an Agency's yearly obligation/cost for manpower, equipment (for processing and telecommunications), and software for the planning, study, design, development, acquisition, installation, test, operations, maintenance and support of information technology activities.

b. Obligations/Cost. Amounts of orders placed, contracts awarded, services received, or similar transactions made by Federal agencies during a given period, which will require outlays during the same or some future period. For the purpose of exhibit 43 reporting, obligations is the amount an agency has committed to spend on information technology in a given fiscal year. *For the DBOF, cost applies wherever "obligations" is used in this guidance.*

4. Report of Information Technology Resources. The exhibit 43 is to be completed for all information technology resources and will include telecommunication requirements regardless of whether or not they are associated with an information system. The exhibit will report resources in nine major categories. Refer to OMB Circular A-11 (Section 43, "Data on Acquisition, Operation, and Use of Information Technology") for detailed explanations of the summary level information requested in this exhibit.

5. Entries.

a. Name of DoD Component. Identify the name of the DoD Component required to submit this exhibit.

b. Appropriate Submission Heading. For "Budget Estimates Submission," insert "FY 19XX OSD/OMB Submission." (XX is used for illustration purposes only. Insert the applicable fiscal year in lieu of XX.)

For "Congressional Justification/Presentation," refer to the Budget Call memorandum for the appropriate submission heading.

c. Equipment. Any equipment or interconnected system or subsystem of equipment used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. Includes data processing and switching equipment, such as super computers, mainframes, mini-computers, microcomputers, analog and digital private branch exchanges (PBX), ancillary equipment, such as disk drives, tape drives, plotters, printers, storage and backup devices, cable-connected to computers, digital imaging equipment, optical storage and/or retrieval equipment, source data automation/recording equipment (e.g., optical character recognition devices, computer-generated microfilm and other data acquisition devices), card punch accounting equipment, and office automation equipment that was designed for use in conjunction with or controlled by a computer system; telecommunications networks and related equipment, such as voice communications networks; and related equipment, such as voice communications networks; data communications networks; local area networks; terminals; modems, data encryption devices, fiber optical and other communications networks, packet switching equipment, terrestrial carrier equipment (e.g.,

multiplexers and concentrators), lightwave, microwave or satellite transmission and receiving equipment, telephonic (including cellular) equipment and facsimile equipment

Capital Purchases. Identify all equipment purchases meeting the investment criteria. Refer to the investment/expense criteria outlined in Chapter 1 of this regulation for further clarification.

Purchases/Leases. Identify all equipment purchases or leases meeting the expense criteria. All equipment leases should be reported regardless of the cost.

d. Software. Software is any software, including firmware, specifically designed to make use of and extend the capabilities of Information Technology (IT) equipment as identified above. Such software includes systems programs (e.g., control and library programs, assemblers, compilers, interpreters, utility programs, sort-merge programs, and maintenance-diagnostic programs); application programs; and commercial-available programs/commercial-of-the-shelf (COTS) (e.g., word processing, communications, graphics, file-management and database management system software). The term also encompasses independent subroutines; related groups of routines; sets or systems of programs; data bases; and software documentation. *Excludes software maintenance which is included in Support Services.*

Capital Purchases. Identify all software purchases meeting the investment criteria. Refer to the investment/expense criteria outlined in Chapter 1 of this regulation for further clarification.

Purchases/leases. Identify all software purchases or leases meeting the expense criteria. Refer to the investment/expense criteria outlined in Chapter 1 of this regulation for further clarification.

e. Services. Purchase of any service, other than support services, performed or furnished by using Information Technology (IT) equipment or software. Includes teleprocessing, local batch processing, electronic mail, voice mail, centrex, cellular telephone, facsimile, and packet switching of data.

Communications. Identify purchases for telecommunication services that provide for the operation, management and/or maintenance of information transport platforms by a commercial vendor. includes both base communications and long-haul services used to support the electromagnetic or optical dissemination, transmission, or reception, and storage/retrieval of information through voice, data, video, integrated telecommunications, wire, cellular, or radio.

Processing. Identify purchases for processing services that provide for the operation, management and/or maintenance of information processing platforms by a commercial vendor. Includes both time-sharing or direct computer support that meet the definition of services as defined above.

Other. Identify purchases of all other services not contained in the "Services, Communications" or Services, Processing" lines above.

f. Support Services. Any commercial, nonpersonal (labor-intensive) services, including maintenance used in support of Information Technology (IT) equipment, software or services as defined above.

Software. Purchase of custom software development or modernization, software conversion, software modification, and corrective software maintenance.

Equipment Maintenance. Purchase of maintenance to include preventive and remedial equipment diagnostic and repair services; a field engineering change or field modification to equipment and modifications and upgrades to software; examination, testing, repair, or part replacement functions performed on owned or leased equipment.

Other. Identify purchases of all other support services not contained in the "Support Services, Software" or "Support Services, Equipment Maintenance" lines. Purchase of services such as source data entry; computer output microfilming; training; planning for IT resources; capability and performance validations; studies (e.g., requirements analyses, analyses of alternatives, and conversion studies); facilities management of Government-furnished IT equipment; equipment operation; network management; network analysis and design; site preparation; and computer performance evaluation and capacity management. Also includes the portion of IT purchases in contracts other than those reported elsewhere, where such contracts make significant use of IT equipment, software, or services and the IT purchases are separately identified. Significant means: (a) the product or services could not reasonably be produced or performed without the use of IT resources; and (b) the dollar value of IT resources expended by the contractor to perform the service or furnish the product is expected to exceed \$500,000 or 20 percent of the estimated cost of the contract, whichever amount is lower.

g. Supplies. Purchase of any consumable item designed specifically for use with Information Technology (IT) equipment, software, services, or support services as defined above. Purchase of diskettes, CD-ROM and laser optical disks, backup cartridges, cables and wires, print wheels, print ribbons, ink for ancillary equipment, printer paper, IT equipment cleaning kits, magnetic tape, magnetic disks, telecommunications fuses and connectors, and all other similar items designed specifically for use with IT equipment in the creation, transmission, and maintenance on automated information, data, records, or files.

h. Personnel (Compensation/Benefits). Includes the salary (compensation) and benefits for government personnel (both civilian and/or military) who perform information technology functions 51% or more of their time. Functions include but not limited to policy, management including headquarters staff, systems development, operations, telecommunications, computer security, contracting, secretarial support, base level units including engineering, maintenance, installations, and training. Personnel in user organizations who simply use information technology assets incidental to the performance of their primary functions are not to be included. Excludes travel. Travel shall be reported under category 7, "Other.." Civilian personnel costs for both DBOF and appropriated funding will be fully burden including fringe benefits. The DBOF Military Personnel cost in the exhibit 43 will be computed at the equivalent civilian rate as prescribed by the FMR DBOF guidance.

Software. Personnel performing software functions of development or modernization, software conversion, software modification, and corrective software maintenance.

Equipment maintenance. The examination, testing, repair, or part replacement functions performed on IT equipment.

Processing. Personnel performing data processing functions such as operations and management not included in software or maintenance above.

Communications. Personnel performing communication functions such as operations or management

Other. All other personnel performing all other related functions.

I. Other. Other in-house support not otherwise specified. Identify DBOF capital budget authority associated with the planning, designing, developing, and implementing a functional initiative for the benefit of a business area (or activity group), i.e., strategic planning, requirements development, and organizational redesigns which are expected to result in improved operational efficiency or effectiveness and reduced costs. Also use to report DISA depreciation of capital assets for the Defense megacenters.

Capital Purchases. Identify all other capital purchases meeting the current investment criteria.

Other. Applies to anything not reported in Categories 1 through 6 or 7A, "Capital Purchases."

j. Intra-Governmental Payments. Identify payments between executive, judicial, and legislative branches for information technology (IT) services; between Defense Components; and between activities within a DoD Component. Payments shall be categorized by type of IT services, namely software, equipment maintenance, processing, communications and other. Should payments and collections be made between activities within a DoD Component, please provide an explanation in a footnote.

Software. As defined in section 5d, "Software."

Equipment Maintenance. The examination, testing, repair, or part replacement functions performed on IT equipment.

Processing. As defined in section 5e, "Services."

Communications. Identify payments for voice and/or data communications services.

Other. Payments to others for all other IT services not specified or identified for software, maintenance, processing or communications services.

k. Intra-Governmental Collections. Identify collections between executive, judicial, and legislative branches for information technology (IT) services; between Defense Components; and between activities within a DoD Component. Collections shall be categorized by type of IT services, namely software, equipment maintenance, processing, communications and other. Should payments and collections be made between activities within a DoD Component, please provide an explanation in a footnote.

l. Net IT (IT) Resources. Identify the Net IT resources (grand total for this exhibit) by summing categories 1 through 9 for each fiscal year. *Identify the workyears for category 6 (Non-DBOF and DBOF)*. Include a breakout by type of appropriation and fund for each net total. DBOF activities, specify between DBOF capital authority and DBOF operating authority.

(Name of DoD Component)
Information Technology Resources by CIM Functional Area
(Appropriate Submission Heading)
(Dollars in Thousands)

FY 19PY FY 19CY FY 19BY1 FY 19BY2

A. CIM Functional Area X

1. Major Systems/Initiatives

Automated Information System 1
Development/Modernization
Current Services
Subtotal
Appropriation/Fund (specify)

Automated Information System 2
Development/Modernization
Current Services
Subtotal
Appropriation/Fund (specify)

Automated Information System N
Development/Modernization
Current Services
Subtotal
Appropriation/Fund (specify)

2. Non Major Systems/Initiatives

Automated Information System N
Development/Modernization
Current Services
Subtotal
Appropriation/Fund (specify)

3. All Other

Development/Modernization
Current Services
Subtotal
Appropriation/Fund (specify)

4. TOTAL CIM Functional Area X:

Total Development/Modernization
Total Current Services
Subtotal
Total Appropriations/Funds (Specify)

B. CIM Functional Area X1

1. Major Systems/Initiatives

Automated Information System 1
Development/Modernization
Current Services
Subtotal
Appropriation/Fund (specify)

2. Non Major Systems/Initiatives

Automated Information System N
Development/Modernization
Current Services
Subtotal
Appropriation/Fund (specify)

Exhibit 43(IT-1)

(Name of DoD Component)
Information Technology Resources by CIM Functional Area
(Appropriate Submission Heading)
(Dollars in Thousands)

<u>Continued</u>	<u>FY 19PY</u>	<u>FY 19CY</u>	<u>FY 19BY1</u>	<u>FY 19BY2</u>
3. <u>All Other</u> Development/Modernization Current Services Subtotal Appropriation/Fund (specify)				
4. <u>TOTAL CIM Functional Area X1:</u> Total Development/Modernization Total Current Services Subtotal Total Appropriations/Funds (Specify)				
C. <u>CIM Functional Area XN</u>				
1. <u>Major Systems/Initiatives</u>				
Automated Information System 1 Development/Modernization Current Services Subtotal Appropriation/Fund (specify)				
Automated Information System N Development/Modernization Current Services Subtotal Appropriation/Fund (specify)				
2. <u>Non Major Systems/Initiatives</u>				
Automated Information System 1 Development/Modernization Current Services Subtotal Appropriation/Fund (specify)				
3. <u>All Other</u> Development/Modernization Current Services Subtotal Appropriation/Fund (specify)				
4. <u>TOTAL CIM Functional Area XN:</u> Total Development/Modernization Total Current Services Subtotal Total Appropriations/Funds (Specify)				
XX. <u>CIM Grand Total</u> Development/Modernization Appropriation/Fund (specify) Current Services Appropriation/Fund (specify) Total Appropriation/Fund (specify)				

Exhibit 43(IT-1)

1. **Purpose.** This exhibit provides a more detailed report of a component's estimates for information technology (IT) activities for FY 19PY, FY 19CY, FY 19BY1 and FY 19BY2. The total and the appropriation and fund total for this exhibit shall equal the total of Exhibit 43
2. **Submission.** The exhibit is required from each Defense component that obligates or incurs costs for information technology (IT) activities totaling \$2 million in FY 19PY, FY 19CY, FY 19BY1 or FY 19BY2 for major, non-major and other. Dollars are to be displayed in thousands. *The electronic format is to be used for this exhibit.*
3. **Entries.** For each Corporate Information Management (CIM) Functional Area, the estimates for Development/Modernization (D/M), and Current Services (CS), listed by major Automated Information Systems (AIS), non-major AIS, and total of all other information technology (IT) resources are displayed. The following guidance is applicable
 - a. **Name of DoD Component.** Identify the name of DoD Component required to submit this exhibit.
 - b. **Corporate Information Management (CIM).** Identify each CIM Functional Area as defined in section 180205, "Corporate Information Management Functional Areas" for which the Component has IT resources. Resource display will separately identify major systems, non-major systems, a total for all other, and a total for each CIM Functional Area. Instructions for each reporting category are provided in subparagraphs c, d, e, f, and g below. List each applicable CIM Functional Areas (X through XN) in the same order as contained in section 180205 alphabetically. The "X" and "XN" notations are for illustrative purposes only, use the applicable CIM functional area and the system, program or initiative title.
 - c. **Major System/Initiatives.** For each CIM Functional Area, alphabetically identify the major AIS's by name and system number (*Note an AIS number will be assigned for use in the electronic submission. Do not use your agency number unless approved by OSD (Comptroller).*). A major AIS is defined in section 180203, "Preparation of Material." For each AIS listed (1 through N) include estimates for the development/modernization (D/M), current services (CS), and a subtotal of the AIS obligations (costs) by fiscal year. *For each AIS include a breakout of the subtotal obligations by type of appropriation and fund for each fiscal year. The data entry into the electronic format will require appropriation and fund data by D/M and CS. This level of detail will not be an output on the form until the last CIM Grand Total is shown for the exhibit.*
 - d. **Non-Major Systems/Initiatives.** For each CIM Functional Area, alphabetically identify the non-major AIS's or program initiatives by name and designated system number (from the electronic database). A non-major AIS is defined in section 180203, "Preparation of Material." For each AIS listed (1 through N) include estimates for the D/M, CS, and a subtotal of the AIS obligations by fiscal year. *For each AIS, include a breakout of the subtotal obligations by type of appropriation and fund for each fiscal year. The data entry into the electronic format will require appropriation and fund data by D/M and CS. This level of detail will not be an output on the form until the last CIM Grand Total is shown for the exhibit.*
 - e. **All Other.** The purpose of this entry is to aggregate estimates for those AISs or program initiatives that fall outside the thresholds for Major AISs and Non-Major AISs, i.e., below \$10 million total cost in a fiscal year (for the OSD/OMB Budget Estimate Submission this will be the POM Tab G threshold)). Also, include all other IT related obligations (costs) not normally associated with an AIS but part of the total IT resources displayed in the Exhibit 43, Report on Information Technology Resources." Identify estimates for the D/M, CS, and a subtotal of the obligations (costs) by fiscal year. Also include a breakout of the subtotal by type or appropriation and fund for each fiscal year. *The data entry into the electronic format will require appropriation and fund data by D/M and CS. This level of detail will not be an output on the form until the last CIM Grand Total is shown for the exhibit..*
 - f. **Total CIM Functional Area X.** For each CIM Functional Area, display total D/M, total CS, and a subtotal for the CIM Functional Area. For each subtotal, include a breakout of type of appropriation and fund by fiscal year.

g. CIM Grand Total. Provide at the end of the exhibit a grand total of the estimated obligations (costs) for all CIM functions reported. The grand total shall equal the sum of the CIM Functional Area totals. Identify "Development/Modernization" and "Current Services" by type of appropriation and fund by fiscal year. Note, this information will be generated from the data entry above and will be displayed on the Exhibit 43(IT-1) from the electronic format. Also note that once the appropriations and fund data is inputted for this exhibit, the same data will be transmitted to the Exhibit 43 electronic format as a check.

(Name of DoD Component
Descriptive Summary
(Appropriate Submission Heading))

A. AIS Title and Number:

B. CIM Functional Area:

C. Life Cycle Cost and Program Cost:

1. Then year (Inflated) dollars (in millions of dollars)

Approved Life Cycle Cost:: \$ _____
(state milestone approval reference source: _____)

Approved Program Cost:: \$ _____
(state milestone approval reference source: _____)

2. Constant base year (FY 19XX - specify base year) dollars (in millions of dollars)

Approved Life Cycle Cost:: \$ _____

Approved Program Cost:: \$ _____

3. Sunk Cost (actual): \$ _____ (in millions of dollars)

4. Cost To Complete: \$ _____ (in millions of dollars)

D. Cross Reference to Justification Books:

E. System Description:

F. Program Accomplishments and Plans

1. Milestone table

2. FY 19PY Accomplishments:

3. FY 19CY Planned Program:

4. FY 19BY1 Planned Program:

5. FY 19BY2 Planned Program:

G. Contract Information:

H. Comparison with FY 19CY Description Summary:

1. Technical Changes:

2. Schedule Changes:

3. Cost Changes:

Exhibit 43(IT-2)

1. Purpose. To provide a concise descriptive summary which comprehensively provides visibility for each automated information system (AIS), program (e.g. Local Area Networks (LANs)) or special interest item being funded in the budget. Congress requires this exhibit to bridge the prior budget to the current budget and to have changes explained. It should be written for all audiences--resource managers, technical, and functional reviewers. Summary will be done for both development (including modifications) as well as operational AISs, programs, or special interest items that meet the threshold for reporting.

2. Submission. A separate "Descriptive Summary" will be submitted for each Major and Non-Major AIS, program or special interest item that is identified in the "Report on Information Technology (IT) Resources," exhibit 43(IT-1) that have a total costs of \$10 million or more in a fiscal year (FYPY, FYCY, FYBY1 or FYBY2).

3. Entries.

a. AIS Title and Number. Insert the official title for the Major or Non-Major AIS, program or special interest item, its acronym, and OSD Comptroller assigned number. Indicate if system has been designated by ASD(C3I) as a Migration System and when designated.

b. CIM Functional Area. Insert the proper Corporate Information Management (CIM) Functional Area as identified and defined in Section 180205, "Corporate Information Management Functional Areas" of this regulation. Major and Non-Major AIS, program or special interest items that support more than one CIM Functional Area will be reported under the area that is dominate with percentages of each CIM area supported identified in this paragraph.

c. Life-Cycle Cost and Program Cost. These values must be current and track to other system documents that support life cycle management in the Department. If no approved cost is available indicate by footnote when, by specific date, one will be available. Do not use TBD.

(1.) Life-Cycle Cost (LCC). Insert the approved LCC (in then-year and constant FY 1996 base year dollars) as of the last milestone review. For major AISs (program, special interest item or modernization), approved means the value reported is from an economic analysis (EA) approved by the Major Automated Information System Review Council (MASIRC) at a LCM milestone. For non-major AISs (program, special interest item, or modernization) approved means the EA independently validated and approved by the Milestone Approval Authority (NASRIC, AASIRC, or Component Head) as prescribed in reference DoDD 5001 (see section 180104). For operational systems (past milestone III) indicate the latest LCC that was approved and footnote the milestone data for approval. Note, however, this will require in the accomplishments, paragraph F, some assessment (e.g., current estimate) of achievement of this LCC.

(2.) Program Cost. Insert the approved program cost (in then-year and constant FY 1996 base year dollars) as of the last milestone review.

(3.) Sunk Cost. Actual cost incurred from the initiation phase of the new Major or Non-Major AIS, program or special interest item or modernization through FY 19PY.

(4.) Cost to Complete. Cost (in then-year dollars) to be incurred from FY 19CY through the remaining life of the Major or Non-Major AIS, program, or special interest item or modernization (Approved Life Cycle Cost less Sunk Cost equals Cost to Complete).

(5) Footnote. Footnote any non-entry in 1-4 above to properly explain why a value has been omitted.

d. Cross Reference to Justification Books: The purpose of this section is to provide a cross walk between the Information Technology exhibits to all other Budget Justification books. For each appropriation or fund, specify the Budget Activity, Line Item, Line Item Title (Identify title discrepancies between exhibit 43(IT-1) entries and Justification Book entries). For example, the Procurement Line Item Number, P-1; the Research, Development, Test and Evaluation (RDT&E) Line Item, R-1; or Operation and Maintenance (O&M) Line Item, O-1 should be identified for each budget requirement. Identify the appropriation/fund and Budget Activity/Business Area for this AIS, program or special interest item in the same exhibit sequence as contained in the regulation, specifically Military Pay; O&M; Procurement; RDT&E; Military Construction (MILCON); Base Realignment and Closure (BRAC); Real Property Maintenance/Minor Construction; and Defense Business Operations Fund (DBOF).

e. System Description. The purpose of this paragraph is to provide the reader with adequate information to describe the AIS or its modernization, program/initiative or special interest item. Describe the basic requirements for the Major and Non-Major AIS, program or special interest item within the component's information architecture. Each entry will identify the following: (1) discuss the current status such as being in development or operational, (2) latest and next milestone review, (3) specify the function(s) performed by the AIS, (4) describe interrelationships to other systems or elements of the organization and the Agency it supports, (5) if applicable, identify the DBOF business areas this AIS supports, (6) describe how the major and non-major AIS, program or special interest item supports the Department's Corporate Information Management (CIM) effort, namely, indicate if this is a migratory or designated CIM system, and the systems it will replace. If this AIS, program or special interest item is not a CIM designated system, provide rationale for continued development and modernization, or sustainment of the system, (7) for those development and maintenance efforts or services done within the Department (in-house software development), identify the central design activity (CDA) performing these services and the type of support being provide, , and (8) address problem areas or congressional interest, etc. that impact this budget.

f. Program Accomplishments and Plans. The purpose of this paragraph is to provide the reader in laymen terms a clear trail between the Department's funding request verses what the Department actually accomplished with the funding provided in the last Congressional justification submission. Specifically, (1) the narrative should identify life-cycle management milestones, milestone approval authority, current life-cycle phase, other significant program accomplishments, and their scheduled completion dates which fall between FY 19PY through FY 19BY2. Explain any change to these dates in paragraph H, (2) There are three main parts after the milestone table to complete this paragraph. In the first part discuss the current status of the AIS in terms of what was actually accomplished for the FY 19PY. Be specific in terms of dates, number of or quantity of activities and functions, etc. and explain any difference between this request and the preceding Presidents budget, (3) In the second and third parts identify what the plan program is for the FY 19CY, FY 19BY1, and FY 19BY2 for the biennial budget (amended budget would discuss the FY 19CY and FY 19BY) so plans can be tracked as accomplishments from the current exhibits to prior/future budgets.

g. Contract Information. Identify prime contractor(s), their involvement, and type of government obligation (e.g., fixed price, cost plus, etc.), length of contract, key milestones, or when delegation of procurement authority from the General Services Administration (GSA) was obtained. Highlight contract performance (e.g., ahead of schedule, under cost, etc.) and other significant contract information.

h. Changes. This part provides a clear explanation of changes between budgets and between fiscal years for the budget submission. Identify any significant changes within budget estimates covered between FY 19PY through FY 19BY2. Specifically, explain any change (difference) from the last submission for either the technical, schedule, or cost of the program.

(1) Technical. Explain any change from a system equipment, software application, telecommunications, or other change that impacts the basic (approved) technical parameters of the AIS.

(2) Schedule. Explain any delay that will impact the original (approved) time table of developing, implementing, and operating the AIS.

(3) Cost. Explain cost changes (increase or decrease greater than 15%) in IT resources for a biennial budget between the preceding budget 43(IT-1) FY 19PY and this budget FY 19PY. Explain changes between fiscal year FY 19CY of the preceding budget and FY 19CY of this submission. Then explain the changes between FY 19CY, FY 19B1, and FY 19B2 of this submission. Note year two of a biennial budget, this section would explain changes from the FY 19PY of the preceding budget to FY 19PY of this submission and then explain the change from the FY 19CY this budget to the FY 19BY of this budget. Also in this part, explain any change in (1) the Approved Life Cycle or Program cost between budget submissions (paragraph c). and (2) the development/modernization and current services amounts between budgets.

(Name of DoD Component)

IT Resources Requirements and Indefinite Delivery/Indefinite Quantity Contract(s)
(Specify if Lead Component or User)
(Appropriate Submission Heading)

- A. Contract Name:
- B. Description of Contract:
- C. Contract Number:
- D. Estimated Contract Requirements by appropriation (\$000):

FY 19CY

FY 19BY1

FY 19BY2

- Procurement
- O & M
- Other (specify)

Total

E. Contract Data:

- (1). Contract awarded to:
- (2). Contract Award Date:
- (3). Brand name(s) and model number(s) of primary hardware and software:
- (4). Contract duration (in years):
- (5). Contract renewal options:
- (6). Estimated value of contract:
- (7). Minimum obligation by FY:

Exhibit 43(IT-3)
(page 1 of 3)

1. Purpose. The purpose of this exhibit is to provide visibility of actual, budgeted, and required contract obligations for Information Technology (IT) resources under Requirements and Indefinite Delivery/ Indefinite Quantity (IDIQ) contracts.

2. Submission.

A. Each component will submit a separate exhibit for each current or planned contract which:

(1) will be in effect during the period FY 19CY through FY 19BY2; and

(2) could exceed \$25 million total actual and projected expenditures for any fiscal year of the contract's duration or \$100 million total contract life cost (including optional years and quantities). Special interest contracts below this threshold when identified by OSD will be reported.

B. Data will include actual and planned (budgeted/funded) contract expenditures for any year of the contract's duration, regardless of the amount.

C. Report all current and planned requirements and IDIQ contracts for all information technology (IT) resources that are part of and/or provide direct support to the IT resources reported in exhibit IT-1, Report on Information Technology Resources."

3. Contract Value. Questions on estimated contract value should be resolved by contacting the lead component for the contract.

4. Definitions. The following definitions apply.

A. Requirements Contracts (see FAR 16.503) A "Requirements Contract" provides for filling all actual purchase requirements of designated Government activities for specific supplies or services during a specified contract period, with deliveries to be scheduled by placing orders with the contractor.

B. Indefinite-Delivery/Indefinite-Quantity Contracts (see FAR 16.504) An "Indefinite Delivery/Indefinite Quantity Contract" provides for an indefinite quantity, within stated limits, of specific supplies or services to be furnished during a fixed period, with deliveries to be scheduled by placing orders with the contractor.

5. Entries. The data reported is dependent upon whether you are the lead or user of a contract awarded or not yet awarded. Reporting requirements include:

(1) Contracts already awarded: Components shall complete items A through D. The lead component shall complete all items A through E.

(2) Contracts not yet awarded: Components planning to use the contract shall complete items A, B, and D. The lead component shall complete items A, B, D, and E (4), (5), and (6).

A. Contract Name: If available, insert the name of the contract and any appropriate acronyms.

B. Description of Contract. Provide a brief but succinct description of the items/services available under the contract. Also indicate whether the contract type is requirements or IDIQ. If the contract type varies, identify type of contract by user.

C. Contract Number: If available, provide the official contract number.

D. Estimated Contract Requirements by Appropriation. Breakout the component's estimated cost for planned usage, by fiscal year and appropriation/fund for the period FY 19CY through FY 19BY2.

E. Contract Data. Identify the contractor, brand name and model numbers for the primary equipment and software, and award date. Insert the number of years the basic contract is available for procurement and the number of years for which the contract contains option clauses for future procurements. Describe the scope of the contract (i.e., range of potential users) and its purpose. Identify the total estimated value of the contract and the minimum contractual obligation by fiscal year for the period FY 19CY through FY 19BY2.

6. Lead Component for Contracts NOT Yet Awarded. If the acquisition strategy involves less than full and open competition, explain the rationale for the alternate strategy.

(Name of DoD Component
Central Design Activity Summary
(Appropriate Submission Heading)
(Dollars in Thousands)

	<u>FY19PY</u>	<u>FY19CY</u>	<u>FY19BY1</u>	<u>FY19BY2</u>
A. Name of Central Design Activity, Location, <u>(specify DBOF Business Area, if applicable)</u>				
Subtotal of obligations (cost) by CDA:	\$\$	\$\$	\$\$	\$\$
Workyears	xx	xx	xx	xx

CIM Functional Area X

Automated Information System name, number (Enter AIS information, not dollars)
Automated Information System name, number

CIM Functional Area X

Automated Information System name, number
Automated Information System name, number

B. Name of Central Design Activity,
Location, (specify DBOF Business Area, if applicable)

Subtotal of Obligations (cost) by CDA:	\$\$	\$\$	\$\$	\$\$
Workyears	xx	xx	xx	xx

CIM Functional Area X

Automated Information System name, number (Enter AIS information, not dollars)
Automated Information System name, number

CIM Functional Area X

Automated Information System name, number
Automated Information System name, number

C. Name of Central Design Activity,
Location, (specify DBOF Business Area, if applicable)

Subtotal of Obligations (cost) by CDA:	\$\$	\$\$	\$\$	\$\$
Workyears	xx	xx	xx	xx

CIM Functional Area X

Automated Information System name, number (Enter AIS information, not dollars)
Automated Information System name, number

CIM Functional Area X

Automated Information System name, number
Automated Information System name, number

CDA Grand Total:	\$\$	\$\$	\$\$	\$\$
Workyears	xx	xx	xx	xx

Exhibit 43(IT-4)
(page 1 of 3)

1. Purpose. This exhibit provides a summary of obligations (cost), *both contract and in-house*, for a central design activity (CDA) during the period FY 19PY through FY 19BY2.

2. Submission. The exhibit 43(IT-4) shall be completed for each CDA which expends \$5 million or more in a fiscal year, during the period FY 19PY through FY 19BY2 for software support. A CDA is defined as a designated organization (or segment thereof) within a component which, at a minimum, has responsibility for supporting AIS software (see a below) in use at more than one location (see b below).

a. "Supporting AIS software" is defined as performing at least one of the following:

(1) Designing, converting, coding, testing, documenting or subsequently maintaining or modifying computer operating or applications software for use; or

(2) Creating, reproducing, disseminating or transmitting the above computer software and documentation for each authorized release of the computer software; or

(3) Providing technical assistance and corrective programming action on computer trouble calls on the above computer software.

b. Software is in use at "more than one location" if any portion of it meets at least one of the following:

(1) It is in use by more than one component; or

(2) It is in use component-wide, command-wide, or at multiple installations.

3. CDA Functions.

a. Estimates for measurement against the reporting threshold shall include costs for the following functions, products or services performed by the CDA.

(1) New Design and Redesign. Efforts associated with initial design of an AIS or application, encompassing requirements determination; analysis; design, programming, documentation; and testing. An AIS or application is considered to be in a new design status from the time the preliminary analysis of user requirements is conducted and system requirements are defined and approved until the AIS or application is made available for operational use by all affected installations. Software redesign means any change to software that involves a change in the functional specification for that software.

(2) Software Modification and Conversion. Efforts associated with automated translation, recoding and reprogramming. Automated translation means changes to software, including machine processed recoding, that preserves both functional requirements and software design specifications to the extent that no changes are apparent to the user. Recoding means a manual change to software on a line-for-line basis that preserves both the functional requirements and software design specifications. Reprogramming means any change to the software that deviates from design specifications for that software but preserves the functional requirements of the user.

(3) Software Maintenance. Efforts associated with the elimination of faults in software to ensure that an AIS or application is in a satisfactory working condition.

(4) Management and Technical Support. Efforts associated with management; administration and clerical functions; field assistance to users; quality assurance and program release control; input preparation; software tools development; magnetic storage media library operations; data standards and programming conventions maintenance; professional career development; and technical aspects of the AIS, including engineering, operations research, mathematics, etc.

4. Entries. The exhibit 43(IT-4) shall include all CDA cost (direct, indirect, and General and Administrative (G&A) cost) as defined in Volume 4 of the Financial Management Regulation (when published), Chapter 23, "Cost Distribution for Information Technology Facilities," and the Defense Business Operations Fund (DBOF) guidance. When a CDA is only a segment of a larger organization, indirect and G&A cost shall be allocated to the CDA function as directed under unit cost guidance.

A. Name of CDA and Location. Identify each central design activity that your Military Department, Unified Command, or Defense Agency has that meets the criteria above and list by name and location.

(1) DBOF Business Area. If the systems support is done by reimbursement through the DBOF, identify the DBOF Business Area supported. Also, identify what DBOF Business Area the CDA is in. If funds support more than one DBOF Business Area, indicate the percent of funds for each, e.g. Supply 75%, Finance 25%.

(2) Subtotal of CDA Requirements. Identify by fiscal year (FY 19PY to FY 19BY2) the CDA total obligations (costs), both contract and in-house, in thousands (\$000) and *associated in-house workyears*.

(3) CIM Functional Area. For each CDA, identify the CIM Functional Area being supported. CIM Functional Areas are identified in section 180205, "Corporate Information Management Functional Areas." Within in each CIM Functional Area, identify the Automated Information System (AIS), program or special interest item being supported by the CDA.

(4) Automated Information System. List each AIS, program or special interest item the CDA supports, identify by title and number, if applicable. Include both "Development and Modernization" and "Current Services." No dollar values are required.

Items B. and C. would apply if more than one CDA was to be included on the exhibit. Repeat A above.

D. CDA Grand Total. Sum the fiscal year amounts (\$000) for each CDA (items A, B, C, etc.) above and show the total on this line. Include a total for workyears (in-house) by fiscal years.

(Name of DoD Component)
Forecast of Information Technology Business Opportunities

1. Purpose. This report provides a summary of business opportunities through new acquisitions available for the FY 19BY, FY 19BY+1 and FY 19BY+2.

2. Submission. The report is not to be included as part of the budget but will be based on the latest budget submission. The report shall be submitted to ASD(C3I), DASD(P&R), room 3D228 Pentagon. Any additional submission requirements (electronic or otherwise) will be provided by separate cover. For each year (Budget Year, Budget Year +1, Budget Year +2) list by appropriate dollar range all the applicable items. Start with the business opportunities meeting the \$ 10-25 million minimum threshold first, followed by \$ 25-50M, \$ 50-100M, and \$ 100M and above. Indicate by an "X" the dollar range most appropriate for the business opportunity item. The dollar range is determined by proposed full contract value.

3. Entries. Each entry will use the following format numbered sequentially (n, n+1, n+2,... n+n):
FY 19BY

n. Name of Business Opportunity: Identify business opportunity (by type of IT resource or category of IT resource with amplifying descriptor -- example: Support Services, CLSRS Software Maintenance).

<u>\$ 10-25M</u>	<u>\$ 25-50M</u>	<u>\$ 50-100M</u>	<u>\$ 100M and above</u>
X			

Description: Provide a brief but concise description of the acquisition or opportunity (including categories of IT resources to be procured and, if applicable, discuss contract(s) being replaced including estimated date of replacement), length of contract period in years, and potential total value over this period. Cross reference any other source document(s) (such as Agency IRM Plan) that has similar or related acquisition information on this item.

n+n. Name of Business Opportunity: Identify business opportunity (by type of IT resource or category of IT resource with amplifying descriptor such as system/hardware name, etc.)

<u>\$ 10-25M</u>	<u>\$ 25-50M</u>	<u>\$ 50-100M</u>	<u>\$ 100M and above</u>
	X		

Description: Provide a brief but concise description of the acquisition or opportunity (including categories of IT resources to be procured and, if applicable, discuss contract(s) being replaced including estimated date of replacement), length of contract period in years, and potential total value over this period. Cross reference any other source document(s) (such as Agency IRM Plan) that has similar or related acquisition information on this item.

CHAPTER 19
OTHER SPECIAL ANALYSES
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CHAPTER 19

OTHER SPECIAL ANALYSES

1901 GENERAL

190104 References

190101 Purpose

A. This chapter provides instructions applicable to budget formulation and congressional back-up justification for various special interest areas not covered in preceding chapters.

B. The exhibit requirements cover resources crossing DoD appropriations and are generally functional in nature.

C. Areas covered in this chapter are as follows:

Section

- 1903 *Major Range and Test Facility Base*
- 1904 *Test and Evaluation Funding*
- 1905 *Financial Management Activities*
- 1906 *Government Performance and Results Act (GPRA)*
- 1908 *Federal Credit Programs*
- 1909 *Other Special Analyses*
- 1910 *Classifications and Definitions*
Special Programs Major Force Program 3
- 1911 *Overseas Military Banking Program*

190102 Submission Requirements

Unless indicated in individual sections of this chapter and submission distribution in Chapter 1, exhibits are required for both the Budget Estimates Submission and for the Congressional Justification/Presentation submission. General guidance with regard to submission requirements is presented in Chapter 1.

190103 Preparation of Material

General guidance with regard to format and preparation of material is presented in Chapter 1. Chapters 19 provides additional specific guidance with regard to the material required for these special exhibits.

Chapter 1 provides general funding policies, Chapter 3 provides specific policies related to Operation and Maintenance costs, Chapter 4 provides specific policies related to Procurement appropriations, Chapter 5 provides specific policies related to RDT&E, Chapter 6 provides specific policies related to Military Construction appropriations, and Chapter 9 provides specific policies related to the Defense Business Operations Fund. Certain requirements are also addressed in OMB Circular No. A-11

1903 MAJOR RANGE AND TEST FACILITY BASE

190301 Purpose

A. This Chapter provides instructions applicable to budget formulation for the DoD Major Range and Test Facility Base (MRTFB) funding requirements included in the DoD Components' budget requests. The exhibit formats submitted in support of the Budget Estimates Submission (BES) will be the same as those submitted to the Director, Test, Systems Engineering, and Evaluation, USD(A&T) (DTSE&E) in support of the POM estimates.

B. These instructions apply to the major ranges and test facility activities included in the MRTFB:

ARMY:

Yuma Proving Ground (YPG)
White Sands Missile Range (WSMR)
Kwajalein Missile Range (KMR)
Electronics Proving Ground (EPG)
Dugway Proving Ground (DPG)
Aberdeen Test Center (ATC)

NAVY:

Naval Air Warfare Center-Aircraft Division (NAWCAD)
Atlantic Undersea T&E Center (AUTEC)
Naval Air Warfare Center-Weapons Division (NAWCWD)
Atlantic Fleet Weapons Training Facility (AFWTF)

AIR FORCE:

Eastern Space & Missile Center (ESMC)
Western Space & Missile Center (WSMC)
Arnold Engineering Development Center (AEDC)
Air Force Development Test Center (AFDTC)
Developmental Manufacturing and Modification Facility (DMMF)
Air Force Flight Test Center (AFFTC)
46th Test Group, Holloman AFB NM
Nellis Range Complex (NRC)

DEFENSE INFORMATION SERVICES AGENCY

Joint Test Interpretability Center (JTIC)

C. The DTSE&E is charged with administering OSD responsibilities for the MRTFB. Modifications to these instructions, requests for deviations from their provisions, or requirements for their clarification or applicability should be directed to and coordinated with DTSE&E and OUSD(C) Program/Budget.

D. Budget estimates will be developed in accordance with guidance contained in Chapter 1 and the various chapters for appropriations and accounts.

E. It is extremely important that the data reported in the MRTFB exhibits be consistent with the funding included in the Component's Research, Development, Test & Evaluation (RDT&E) Exhibit R-1 project listing and in the Descriptive Summary as well as other budget submission material.

190302 Submission Requirements

Copies of the following exhibits will be submitted in support of the Budget Estimates Submission only for each major range and test facility. Copy requirements are identified in Chapter 1. Exhibit formats are provided in Section 1912.

A. Exhibit MRTFB-1, (Activity Title) Financial Summary.

B. Exhibit MRTFB-2 Set, (Activity Title) Financial Details.

C. Exhibit MRTFB-3 Set, (Activity Title) Improvement and Modernization Analysis.

190303 Preparation of Material

Budget estimate data submitted by each DoD Component for the MRTFB will be assembled separately and identified by a cover sheet specifically entitled "Major Range and Test Facility Base (Army/Navy/Air Force/DISA) Program Budget Estimate."

190304 Special Instructions

The DTSE&E will participate with representatives of the OUSD(C), DOT&E, and OMB in the review of all budget submissions for the major ranges and test facilities to insure that:

A. Excess capability is not being unnecessarily maintained in the MRTFB.

B. Unnecessary duplication does not exist among DoD Component assets.

C. Test facility capability needed in the future is being planned and supported.

D. All new major test facilities are thoroughly coordinated prior to their approval to reflect the needs of all DoD components.

1904 TEST AND EVALUATION FUNDING

190401 Purpose

A. This Chapter provides instructions applicable to budget formulation for the Test and Evaluation Budget Estimate, T&E-1, as shown in Section 1912, needed for review and analysis of Test and Evaluation (T&E) funding requirements included in the DoD Components' requests. The instructions contained here specify the requirements for budget submission.

B. The USD(A&T) Director, Test, Systems Engineering, and Evaluation (DTSE&E) and the Director, Operational Test and Evaluation (DOT&E), are charged with oversight of the DoD T&E resources and funding of T&E by each major DoD program. Modifications to these instructions, requests for deviations from their provisions, or requirement for their clarification or applicability should be directed to and coordinated with USD(A&T), DTSE&E, DOT&E and OUSD(C) Program/Budget.

190402 Submission Requirements

A. Each DoD Component will, for the Budget Estimate Submission only, complete a T&E-1 Exhibit, Test and Evaluation Budget Estimate (provided in Section 1912) for each Major Defense Acquisition Program (MDAP) as defined in DOD 5000.1, and for each of the USD(A&T) selected Special Interest Programs shown in Table C-1 of the latest Program Objective Memorandum Instructions.

B. Copy requirements are identified in Chapter 1. *In addition, 2 copies of the T&E-1 Exhibit will be provided to DTSE&E, Room 3E1060, to DOT&E, Room 3E333, and to OUSD(C) P/B Investment, Room 4B915.* Specific instructions for completion of the T&E-1 Exhibit are included in Section 1912.

190403 Preparation of Material

Data submitted by each DoD component in support of estimates for all weapons systems will be assembled separately and identified by a cover sheet specifically entitled "Test and

Evaluation (Army, Navy, Air Force, Defense Agencies) Budget Estimate."

190404 Special Instructions

The USD(A&T) will participate with representatives of OUSD(C), DOT&E, DUSD(Environmental Security), ASD(Economic Security), and OMB in the review of all budget submissions for T&E to ensure that:

A. Resources required for the test and evaluation of the MDAP and Special Interest Programs, as identified in the Test and Evaluation Master Plan (TEMP), are adequately funded.

B. Unwarranted test capability is not being maintained at private industry facilities.

C. Unwarranted duplication does not exist among DoD Component assets and private industry.

D. Test facilities and capabilities required are adequately funded and supported.

E. All new major test facilities are approved by the Defense Test and Evaluation Steering Group to ensure they are warranted and meet the needs of all DoD components.

1905 FINANCIAL MANAGEMENT ACTIVITIES

190501 Financial Management Activities

A. This Section provides guidance for presenting budget estimates related to Financial Management Activities. It is designed to fulfill the requirements of Section 40, Data on Financial Management Activities, of OMB Circular A-11.

B. Information on funding levels for financial management activities is required for oversight and review of component resources devoted to these activities and to ensure that their use is in accordance with the government-wide 5-year financial management plan prepared by OMB as required by the Chief Financial Officers Act of 1990.

C. *Submission of exhibits is required for the Budget Estimates Submission and an update is required for the President's budget submission (Congressional Justification/ Presentation.) Exhibits include the following: 40A (Resources for Financial Management Activities) and 40B (Report on Financial Management Systems) as shown in OMB Circular A-11. These exhibits should meet the definitions/descriptions contained in Section 40. Guidance for the automation of the data submission will be provided as part of the budget call for the Budget Estimates Submission (BES).*

D. *Copies are to be provided directly to the office of the USD(Comptroller), Chief Financial Officer (CFO) Support Directorate, rm 1B728 (Commercial(703)695-0839; DSN 225-0839).*

1906 GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA)

190601 Purpose

The purpose of this section is to establish basic guidance for incorporation of GPRA requirements into the budget review process and budget presentation to the Congress.

190602 Submission Requirements

The Government Performance and Results Act (GPRA) requires the Department to submit a strategic plan (updated at least once every three years), an annual performance plan, and a performance report that corresponds to each performance plan. DoD has prepared corporate level goals, to be validated/updated annually, which will appear in the Defense Planning Guidance (DPG). During the POM/program review an assessment of how well the Department is meeting the goals will be conducted and, performance measures that indicate progress towards meeting the corporate level goals will be selected/validated. As part of its budget submission, each component will submit performance measure data and targets for the corporate level performance measures that are selected during the program review. The selected performance measures will be published, along with additional guidance in the Budget Call. GPRA budget material should be submitted to the Directorate for Performance Measures and Results, the Pentagon, room 1A658 ((703) 614-9153 or DSN 224-9153).

1908 FEDERAL CREDIT PROGRAMS

190801 Purpose

This Section provides guidance for presentation of annual budget estimates for Federal credit programs. Credit programs in the Department of Defense consist of direct loans and guaranteed loans.

190802 Submission Requirements

A. Military Departments and Defense Agencies, as appropriate, will submit to OSD in support of Federal credit programs all materials required by, and in the format specified in, OMB Circular No. A-11, Section 33. Copies of appropriate exhibits will be submitted in support of the Budget Estimates Submission only.

B. Definitions: The following definitions apply to the credit account structure. Agencies should refer to OMB Circular A-34 and A-11 for a more detailed explanation of terminology and budget instructions.

1. A direct loan is a disbursement of funds by the Government to a non-Federal borrower under a contract that requires repayment of such funds with or without interest. The term includes the purchase of, or participation in, a loan made by a non-Federal lender. It also includes the sale of a Government asset on credit terms of more than 90 days duration.

2. A direct loan obligation is a legal or binding agreement by a Federal agency to make a direct loan when specified conditions are fulfilled by the borrower.

3. A loan guarantee is any guarantee, insurance, or other pledge with respect to the payment of all or part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender, but does not include the insurance of deposits, shares, or other withdrawal accounts in financial institutions.

4. A loan guarantee commitment is a legally binding agreement by a Federal agency to make a loan guarantee when specified conditions are fulfilled by the borrower, the

lender, or any other party to the guarantee agreement.

5. Financing Account is the non-budget account or accounts associated with each credit program account for post-1991 direct loans or loan guarantees. It holds balances, receives the subsidy cost payment from the credit program account, and includes all other cash flows to and from the Government. Separate financing accounts are required for direct loans and loan guarantees.

6. Modifications are any Government action that alters the estimated subsidy cost, compared to the estimate contained in the most recent budget submitted to Congress, of an outstanding direct loan (or direct loan obligation) or an outstanding loan guarantee (or loan guarantee commitment). Actions permitted within the terms of an existing contract are the only exception. Modifications to pre-1992 direct loans and loan guarantees are included in this definition, as well as modifications to post-1991 direct loans and loan guarantees. For pre-1992 direct loans and loan guarantees, the loan asset or guarantee liability will be transferred from the liquidating account to the appropriate financing account. A one-time adjusting payment will be made between the liquidating and financing accounts. The subsequent cash flows will be recorded in the financing account.

7. Program Account is the budget account into which an appropriation to cover the subsidy cost of a direct loan or loan guarantee program is made and from which such cost is disbursed to the financing account. Usually, a separate amount for administrative expenses is also appropriated to the program account. Each program account is associated with one or two financing accounts, depending on whether the program account makes both direct loans and loan guarantees. The program account pays subsidies to the financing account for post-1991 direct loans and loan guarantees, for modifications, and for reestimates. These subsidy payments are counted in calculating budget outlays and the deficit.

8. Subsidy is the estimated long-term cost to the Government of a direct loan or loan guarantee, calculated on a net present value basis, excluding administrative costs. In net present value terms, it is the portion of the direct loan disbursement that the Government does not expect to recover, or the portion of expected payments for loan guarantees that will not be offset by collections. The subsidy may be for post-1991 direct loan obligations or loan guarantee

commitments, for reestimates of post-1991 loans or guarantees, or for modifications of any direct loans or loan guarantees.

9. Reestimates are the recalculation of the subsidy cost of each risk category within the cohort of direct loans or guaranteed loans. Reestimates must be made at the beginning of each fiscal year following the year in which the initial disbursement was made and as long as the loans are outstanding, unless a different plan is approved by OMB.

10. Cohort - Direct loans, obligated or loan guarantees committed by a program in the same year, even if disbursements occur in subsequent years or the loans are modified. Modified pre-1992 direct loans will constitute a single cohort; modified pre-1992 loan guarantees will constitute a single cohort. For loans subsidized by no-year or multi-year appropriations, the cohort may be defined by the year of appropriation or the year of obligation. The Program and Financial Control Directorate of OUSD(C) P/B will contact OMB for proper determination.

C. Materials required by this Section will be provided for credit programs for Navy Federal Financing Bank ship loans (pre-1992) in the Defense Business Operations Fund using the simplified pre-1992 guidelines. For the DoD Family Housing Improvement program and for any additional accounts involved in direct loans or guaranteed loans the post-1991 guidance currently contained in OMB Circular A-11 must be followed by federal agencies. OUSD(C) will include post-1991 credit program requirements on specific programs in the annual budget call submission memorandum.

D. Copies of these materials are required as part of the September submission in the quantities identified in Chapter 1.

1909 OTHER SPECIAL INTEREST AREAS

190901 Purpose

This Chapter prescribes instructions for the preparation and submission of budget justification back-up data for special areas in which the Congress or OMB has expressed interest. Most of these requirements affect more than a single appropriation.

190902 Submission Requirements

A. Data in the exhibit formats provided in Section 1912 are required for the following program areas:

- PB-15 *Advisory and Assistance Services*
- PB-18 Foreign Currency Exchange Data
- PB-22 Headquarters Operation and Administration
- PB-23 Legislative Affairs
- PB-24 Professional Military Education
- PB-25 Host Nation Support
- PB-28 Budgeted Environmental Projects (Non-ER, Army, Navy, AF or Defense-wide)
- PB-29 Waste Minimization Capitalization Account (WMCA)
- PB-40 Dependents Student Meal Program (to be prepared by DoDDEA)
- PB-41 Administrative Motor Vehicle Operation
- PB-42 Commercial Activities
- PB-50 *Child Development, Family Centers, and Family Advocacy Programs*
- PB-52A Aeronautics Budget
- PB-52B Space Budget
- PB-53 Budgeted Military and Civilian Pay Raise Amounts

B. Definitions are to be identical to those most recently used in furnishing data to the Congress.

C. The PB-24 is required with the congressional justification/presentation only. All other exhibits are required for the Budget Estimates Submission and the congressional justification/presentation submission. Copies of exhibits are required with the submissions in the quantities identified in Chapter 1.

1910 CLASSIFICATIONS AND DEFINITIONS
- INTELLIGENCE AND
COMMUNICATIONS

191001 Purpose

The program element groupings presented on the following pages are used to divide Major Force Program (MFP) 3, *Command, Control, Communications, Intelligence and Space* into eight subactivities to facilitate review. The Defense Intelligence Program (DIP) constitutes the first three subactivities.

1. Consolidated Cryptologic Program (CCP)

0301011A/F/G/N/D	Cryptologic Activities
0301055A/F/G/N	Cryptologic Communications
0301156F	Environmental Compliance
0301176F/N	Minor Construction (RPM) - Cryptologic
0301178F/N	Maintenance and Repair (RPM) - Cryptologic
0301179F/N	Real Property Services (RPS) - Cryptologic
0301196F/N	Base Operations - Cryptologic
0301198A/F/N/G	Management Headquarters Cryptologic

2. General Defense Intelligence Program (GDIP)

0301301L	General Defense Intelligence Program
0301302A	Intelligence and Threat Analysis Center
0301303N	Field Operational Intelligence Office
0301304N	Ocean Surveillance Information Center
0301305F	Intelligence Production Activities
0301308L	Missile Intelligence Agency
0301309N	Intelligence Support Center
0301310F	Foreign Technology Division
0301311L	Armed Forces Medical Intelligence Center
0301313F	Defense Dissemination Systems
0301314F	Infrared Electro-Optical Direct Energy Weapons Processing and Exploitation
0301315F	Missile and Space Technical Collection
0301317F	SENIOR YEAR Operation
0301318A/F/N	HUMINT (Controlled)
0301321A/F/N	HUMINT (Overt)
0301323N	Collection Mgmt
0301324F	FOREST GREEN
0301326N	PRAIRIE SCHOONER
0301327A/N	Technical Reconnaissance and Surveillance
0301328F	Strategic Air Command GDIP Activities
0301329A/F/N	European Command GDIP Activities
0301330A/F/N	Pacific Command GDIP Activities
0301331A/F/N	Atlantic Command GDIP Activities
0301333N	Fleet Intelligence Support
0301334A/F/N	Other Commands GDIP Activities
0301335A/F/N	Automated Data Processing GDIP Support
0301336A/F/N	Special Operations/Central Command GDIP Activities
0301339A/F/N	Intell. Tel. Comm. and Defense Special Security System
0301340L	Technology Transfer Function
0301355N	Navy Organizational Support
0301357F	NUDET Detection System
0301359A	Special Army Program
0301398A/F/N/L	Management Headquarters GDIP
0305098L	Defense Support Activity - CISA

3. Classified Programs

0304111F/N/D	Special Activities
0304112A/N/F	Special Collection

0304114N	Special Activities Support
0304211F/G	National Activities
0304212F/N	Federal Activities
0304213F/N	International Activities
0304311F	Selected Activities
0305127A/F/N/L/BA/V	Foreign Counterintelligence Activities
0305106LC	Consolidated Imagery Activities
0305598LC	Management Headquarters - Central Imagery Office

4. Joint Military Intelligence Programs (JMIP)

0204115N*	Shore-Based Electronic Warfare Squadrons
0402161N*	Aviation Support - Attack Air Wings
0204251N*	ASW Patrol Squadrons
0204453N*	Direct Support Squadrons - Aircraft
0206312M*	Other Combat Support (Marine)
0206496M*	Base Operations - Forces (Marine Corps)
0208026A	Tactical Intelligence and Related Activities
0305154A/N/F/D/G	Defense Airborne Reconnaissance Program
0309999A	Classified
0309999M	JSIPS
0701112M*	Inventory Control Point Operations
0305885G	Tactical Cryptologic Activities
0102445F*	Aerostats for CN
0201189A*	Active Army Support to CINC Counternarcotics Activity
0204660N*	Navy Command and Control Systems (NCCS)
0208889D*	Other Support Activities
0305889D/G/L	Intelligence Support to OSD Counternarcotics
0902198D*	Management Headquarters (OSD)
0305107LC	Tactical Imagery Activities
0305190D*	C3I Intelligence Programs
0603704D	Special Technical Support
0603714D	Advanced Sensor Application Program
0605104D*	Technical Studies, Support and Analysis
0605117D	Foreign Material Acquisition and Exploitation (FMA&E)
0605710D	Classified Programs C3I
0305192A/N	Joint Military Intelligence Program
0305884L	Defense Intelligence Planning and Review Activities
0305898B/L	Management Headquarters - Auxiliary Forces
0306098L	Management Headquarters - JMIP
0305131B	Mapping, Charting and Geodesy
0305132B	Defense Mapping Agency Communications
0305139B	DMA MC&G Production System Improvements
0305159B/G/I	Defense Reconnaissance Support Activities
0305798B	DMA Headquarters Support Activity
(* Partial/Shared Program Element)	

5. Tactical Intelligence and Related Activities (TIARA)

(A classified listing of all TIARA will be issued by OASD(C³I) in appropriate security channels.)

6. Strategic Communications

0302011F	National Military Command Center (NMCC)
0302012A	Alternate National Military Command Center (ANMCC)
0302015F	NEACP and E-4B Class V Modifications
0302016F/J/K	NMCS-Wide Support
0302019K	WWMCCS Systems Engineer
0302052F	National Emergency Airborne Command Post (NEACP)
0302053A/F	NMCS-Wide Support (Communications)
0303109N	Satellite Communications
0303110F	Defense Satellite Communications System (DSCS)
0303131A/F/K/N	Minimum Essential Emergency Communications Network (MEECN)
0303142A	SATCOM Ground Environment
0303601F	MILSTAR Satellite Communications System (AF Terminals)
0303603F/N	MILSTAR Satellite Communications System
0303605F	Satellite Communications Terminals
0305151F	Satellite Control Facility (Communications)
0305158F	Satellite Data System (SDS)
0305162F	Defense Meteorological Satellite Program (Communications)
0303118K	Revenues (Defense Communications Services (IF)
0303126A/F/K/N	Long-Haul Communications (DCS)
0303127K	Support of the National Communications System (NCS)
0303128K	Inter-Service/Agency Automated Message Processing Exchange (I/SAAMPE)
0303144F	Electromagnetic Compatibility Analysis Center (ECAC)
0303145A	EUCOM C ³ Systems
0303150A/F/H/J/M/N	WWMCCS-Global Command and Control System
0303151A/F/H/N	WWMCCS-ADP
0303152A/F/H/K/N	WWMCCS Information System (WIS)
0303154F	WWMCCS Information System-JPMO
0303190A/N	Audiovisual Activities Communications
0303194A/N	Real Property Maintenance (Communications)
0303196A/F/N	Base Operations (Communications)
0303198F/N	Management Headquarters (Communications Support)
0303298A/N	Management Headquarters (WWMCCS ADP)
0303398A	Management Headquarters (WIS)
0303401A/F/G/L/N	Communications Security (COMSEC)
0303898N	Management Headquarters (COMSEC)
0303998A/F/K/N	Management Headquarters (Communications)
0305108K	Command and Control Research
0305114A/F	Traffic Control/Approach/Landing System (TRACALS)
0305117F	Weather/NOTAM Communications
0305123F	AFCS Engineering and Installation
0305126F	Air Traffic Control
0305129V	Defense Investigative Service (Communications)
0305152H	Nuclear Weapons Operation (Communications)
0305164A/F/N	NAVSTAR Global Positioning System (User Equipment)
0305165F	NAVSTAR Global Positioning system (Space and Ground Segment)
0305167G	Computer Security
0305168A	National Science Center for Communications
0305198F	Management Headquarters (TRACALS)
0305701A	Base Communications (CONUS)
0305702A	Base Communications (Europe)

0305703A	Base Communications (Pacific)
0305808A/F/M/N	Service Support to DCA
0305887F	Electronic Combat Intelligence Support
0305890F/N	Audiovisual Activities (Other Program 3)
0305894A/F/N	Real Property Maintenance (Other Program 3)
0305895F/N	Base Communications (Other Program 3)
0305896A/F/N	Base Operations (Other Program 3)

7. Defense-Wide Communications

0302017K	WWMCCS ADP-JTSA
0302018K	WWMCCS ADP-NMCS
0303111A	Strategic Army Communication (STARCOM)
0303112F	Air Force Communications (AIRCOM)
0303113N	Navy Communication (NAVCOM)
0303117K	Defense Communication Services (IF)
0303141F/K	<i>Global Combat Support System</i>

8. Other Program 3

0305109F	DoD Civil Search and Rescue (SAR)
0305110F	Satellite Control Facility
0305111F/N	Weather Service
0305112N	Oceanography
0305113F	Aerospace Rescue and Recovery
0305115H	Nuclear Weapons Operations
0305116F	Aerial Targets
0305119F	Space Boosters
0305128A/F/N/V	Security and Investigative Activities
0305130F	Consolidated Space Operations Center
0305133V	Industrial Security Activities
0305134N	Physical Security
0305155F	Theater Nuclear Weapon Storage and Security System
0305160F/N	Defense Meteorological Satellite Program (DMSP)
0305166N/G	Special Development
0305170F	Space Support Program
0305171F	Space Shuttle Operations
0305172F	BERNIE
0305298A	Management Headquarters -FCI
0305398A	Management Headquarters -S&IA
0305801A/F/M/N	Service Support to DMA
0305805A/F/M/N	Service Support NSA
0305806A/F/M/N	Service Support to DNA
0305807A/F/M/N	Service Support JCS
0305809A/F/M/N	Service Support to DIA
0305811A/F/N	Service Support to DIS
0305812A/F/M/N	Service Support to DSPO
0305892F	Special Analysis Activities

1911 OVERSEAS MILITARY BANKING
PROGRAM(OMBP)

3A882, (Commercial (703) 697-7297;
DSN 227-7297).

191101 Purpose

This Section provides guidance for the preparation and submission of budget estimates for the funding of the contract(s) with a financial institution(s) in support of the Overseas Military Banking Program (OMBP). It identifies the budgeting requirements necessary to fund the OMBP contract(s) awarded and maintained by the Under Secretary of Defense (Comptroller) for the participating Military Departments (Army, Navy and Air Force). The budget estimates for the contract(s) consists of Operation and Maintenance, Procurement and other resources that support the OMBP.

191102 Submission Requirements

A. The three sponsoring Military Departments shall budget for OMBP contract costs applicable to that Department. The sponsoring Military Departments shall transfer funding to the Washington Headquarters Services upon receipt of their appropriation for the fiscal year. The three Military Departments shall submit required budget estimates in the format specified as the "Overseas Military Banking Program (OMBP)" (Exhibit OMBP-01), and as modified by OUSD (Comptroller) annual guidance.

B. Submissions shall be consistent with any additional guidance provided by the Office of the Deputy Chief Financial Officer.

C. Exhibits shall be prepared and submitted by each Military Department. Exhibits shall be prepared to show prior year, current year, and budget years (19BY1 and 19BY2) in the format specified as "Overseas Military Banking Program (OMBP)" (Exhibit OMBP-01).

D. An original and five copies of the Military Department's OMBP submission are required as part of the Budget Estimates submission and for the congressional Justification/Presentation (President's budget) submission.

E. Copies are to be provided directly to the Office of the Under Secretary of Defense (Comptroller), Accounting Policy Directorate, Rm

1912 OTHER SPECIAL ANALYSES
SUBMISSION FORMATS

191201 Purpose

The formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

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DOD Component
MRTFB (Activity Title) Financial Summary
(\$ Millions)

FY BY2

FY BY1

FY CY

FY PY

FY PY-1

Funding Source	
Total Institutional Funding	
Institutional (P.E.____)	
In-House Effort	
Contractor Effort	
BOS	
RPMA	
Minor Construction	
Military Personnel	
Total	
Improvement and Modernization	
Minor I&M (P.E.____)	
Major I&M	
Military Construction	
Base Realignment and Closure	
Direct (User Funding)	
Parent Service	
Other DoD	
Other U.S. Government	
FMS	
Foreign Government	
Commercial	
Total	
Total Institutional & Direct (I&D)	
Direct to Total I&D (less I&M)	
Other Funds	
Non-T&E Mission BOS	
Non-T&E Mission RPMA	
Family Housing	
Milcon	
Base Realignment and Closure	
Other - Specify	
Total Other Funds	
Total MRTFB Activity (TOA)	

(page 1 of 4)
Exhibit MRTFB-1 Installation Financial Summary

INSTRUCTIONS
EXHIBIT MRTFB-1, MAJOR RANGE TEST FACILITY BASE

The MRTFB-1 is the basic, central exhibit for the Major Range Test Facility Base budget estimate submission and consists of tabular and narrative data. All other exhibits are related to it.

This exhibit reflects total funds from all sources to be expended at each MRTFB activity. The instructions for preparation are in the following paragraph and definitions. For each line entry, a fully comparable figure will be entered in each of the five columns.

Definitions:

Institutional Funding - This category should reflect all of the funding that is required to support the MRTFB activity's mission, whether the funds are directly allocated to the activity or whether they are expended by another activity in support of the MRTFB.

Institutional (P.E.) - This entry denotes the funding which each Component provides directly to the activity for ongoing effort which cannot be ascribed to users of the activity. The financing program element number is to be entered in the parenthesis.

In-House Effort - This line reflects that amount of the activity's T&E Institutional funding which is devoted to supporting efforts conducted by government personnel at the activity.

Contractor Effort - Indicates the amount of Institutional funding expended by any contractor in support of the activity's mission, either on-site or elsewhere.

Base Operating Support (BOS), Real Property Maintenance Activities (RPMA) and Minor Construction - The amounts shown in these lines should reflect that funding either paid by the MRTFB activity for their share of these costs to a host activity or the costs that would be allocated to the MRTFB activity if they were required to reimburse their BOS and RPMA costs to the host activity. For those MRTFB activities which are host activities, the costs in these categories should reflect the share of BOS, RPMA and minor construction that would be allocated to only the MRTFB activity if costs were distributed to all activities at the installation. Reflecting these costs as part of the institutional costs at the MRTFB is intended to more completely reflect the costs of the MRTFB mission and to make the activities more comparable across the Services. If additional categories are required to reflect the total "institutional" funding that is required for the activity, such as Environmental Compliance, additional lines should be added. Provide the program element number for each entry.

Military Personnel - This category should also reflect the amount of funding that would be required to support the military personnel which are primarily assigned to the MRTFB activity.

(page 2 of 4)

Improvement and Modernization (I&M) - This section should reflect all funding provided to the MRTFB activity for improvement and modernization efforts.

Minor I&M - This category should reflect funding provided directly to the MRTFB activity for I&M projects which are less than \$2 million in any one fiscal year and less than \$10 million in cumulative funding. For the RDT&E-funded activities, the minor I&M funding should be a portion of only the MRTFB program elements. The funding needs to be identified by specific program element. For the O&M-funded activities, the minor I&M funding should be identified by P-1 line item title. If there is minor I&M in more than one program element or more than one P-1 line item, a summary of the minor I&M funding should be provided on the MRTFB-1 with a detailed listing provided on the MRTFB-3a. Any funding provided by users for minor I&M projects should be included as direct (user) funding.

Major I&M - This funding category should include all major I&M projects funded by RDT&E or procurement appropriations, including those funded by users or by the Central T&E Investment Program. Major I&M projects are those which exceed \$2 million in any single fiscal year or \$10 million cumulatively. The MRTFB-1 should reflect a total for all major I&M projects, regardless of funding source. The MRTFB-3A, I&M Funds, Major I&M Projects, requests a listing of each of the projects by appropriation and program element or P-1 line item that adds to the total on this line.

Direct (User Funding) - This line is for header purposes only, to denote the section dealing with funds from activity customers for MRTFB activity mission efforts.

Parent Service - Indicates the funds which come to the activity from users who are from within the same service but distinguished from the institutional base.

Other DoD - Indicates those customers within the DoD but not from the same service as the activity.

Other U.S. Government - Indicates those government customers from other than DoD activities.

FMS - Indicates those customers from FMS cases.

Foreign Government - Indicates those customers from foreign governments for other than FMS cases.

Commercial - Indicates funds received from commercial customers.

Total Institutional and Direct (I&D) - This line provides the sum of the amounts in the Total Institutional and Total Direct lines.

% Direct to Total I&D (Less I&M) - This line provides the percentage which Total Direct funding constitutes of the Total Institutional (less I&M) and Direct funding.

Other Funds - This line is for header purposes only, to denote all other activity financing that does not fall in the I&D categories. The funding included in this category should be strictly funding received by the MRTFB for efforts other than those associated with the MRTFB mission. These categories should only be used, therefore, when the MRTFB is a host activity and receives funding, such as BOS, RPMA or Family Housing funds, to support tenant activities. All funding received in support of the MRTFB activity should be included in the Institutional, I&M or Direct Funding categories above. If any funding is reported as "Other" funding in this category, a separate listing should be provided that identifies the "Other" funding by appropriation and program element or customer.

(Page 3 of 4)

Total MRTFB Activity - This line reflects the sum of the amounts in the Total I&D and Total Other Funds lines. This should represent the total amounts supporting the activity to perform its MRTFB mission and to provide common services to tenants, if appropriate. These amounts need not flow through the activity itself but should reflect all funding associated with supporting the MRTFB.

The amounts reflected in the lines above are to be directly relatable to those amounts included in the appropriation submissions of budget estimates to OSD/OMB or the appropriation submissions of apportionment requests to OSD.

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DoD Component
(Activity Title) Element of Expense Listing

For each of the Institutional entries; e.g., Institutional Funding, Base Operating Support, and Real Property Maintenance; and the Total Direct entry on Exhibit MRTFB-1, provide a subitem listing by element of expense, as shown below.

		(\$ Millions)		
<u>ELEMENT OF EXPENSE</u>		<u>FY PY</u>	<u>FY CY</u>	<u>FY BY1</u>
Military Pay (Non-Add)				<u>FY BY2</u>
04	Civilian Pay			
05	Travel			
06	Transportation			
07	Utilities/Rental			
08	Communications			
09	Purchased Equipment Maintenance			
10	Purchased Equipment Other			
11	Printing & Reproduction			
12	Other Purchased Services			
13	Aircraft POL			
14	Ships POL			
15	Supplies			
16	Equipment			
17	Other Expenses			

Exhibit MRTFB-2a Element of Expense Listing

MRTFB ACTIVITY SCHEDULE OF INCREASES & DECREASES

Provide a schedule of increases and decreases, as shown below, covering year-to-year changes in the total Institutional entry on Exhibit MRTFB-1 to include changes in workyears, maintenance and repair and other items with changes in excess of \$1 million. Ensure that the narrative explanations are each unique to changes in only one entry on the MRTFB-1. Specifically, there should be at least one increase and/or decrease statement for each entry on the MRTFB-1 exhibit but may be more than one increase and/or decrease for any or all entries on the MRTFB-1.

	FY PY	FY CY	FY CY
	<u>Actual</u>	<u>Pres. Budget</u>	<u>Approp. FY BY1 FY BY2</u>

1. FY PY actual to FY CY President's Budget.

- (Several sentence description/justification of each major item of increase and decrease.)
-
-
-
- etc.

2. FY CY President's Budget to FY CY Appropriation (or BES amount if different from FY CY Appropriation).

-
- (Congressional or supplemental action as of date of submission. Include rationale.)
-
-
- etc.

3. FY CY Appropriation (or BES amount) to FLYBY program.

- Inflation
- Payraise
- (Several sentence description/justification of each major item of increase and decrease.)
-
- etc.

4. FY BY to FY BY+1.

- Inflation
- Payraise
- (Several sentence description/justification of each major item of increase and decrease.)
-
- etc.

Exhibit MRTFB-2b MRTFB Activity Schedule of Increases & Decreases

DoD Component
(Activity Title) Workyears

Submit a numerical summary of military, civilian, and contractor workyears in the format shown below. Civilian and contractor workyears should be divided into those that are institutionally funded and those that are reimbursed by users (direct). Changes in workyears between years and among categories should be addressed in the MRTFB-2b, Schedule of Increases and Decreases. The workyears reported in the Institutional category should reflect only those workyears funded from the institutional program element for the activity. Workyears funded by other "Institutional" funding, such as BOS or RPMA should be reported in the Other category. Workyears funded by sources identified on the MRTFB-1 as "Other Funds" should not be reflected on this exhibit.

<u>Category</u>	<u>FY 19PY</u>			<u>FY 19CY</u>			<u>FY 19BY1</u>			<u>FY 19BY2</u>		
	<u>Inst.</u>	<u>Direct</u>	<u>Total</u>	<u>Inst.</u>	<u>Direct</u>	<u>Other</u>	<u>Inst.</u>	<u>Direct</u>	<u>Other</u>	<u>Inst.</u>	<u>Direct</u>	<u>Other</u>
Military												
Officer												
Enlisted												
Civilian												
Contractor												
Total												

Exhibit MRTFB-2c Workyears

DoD Component
(Activity Title) Source of Direct Funds
(\$ Millions)

This exhibit shows by major program, the sources of the Direct Funds contained in Exhibit MRTFB-1, Direct (User) Funding. Provide a subtotal for each appropriation or category shown on the MRTFB-1 Exhibit. For the significant customer appropriations, such as RDT&E or Procurement accounts, provide a subtotal by budget activity. Customers in the FMS, Foreign Government and Commercial categories need to be identified separately by individual customer. The All Other category should not exceed approximately 10% of the Total Direct Funding on this Exhibit and on the MRTFB-1.

<u>Appn</u>	<u>Program</u>	<u>PE</u>	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY</u>	<u>FY BY+1</u>
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All Other

Total Direct

Exhibit MRTFB-2d Source of Direct Funds

DoD Component

(Activity Title) Improvement and Modernization Funds Summary

Improvement and Modernization Projects

(\$Millions)

<u>Appn</u>	<u>PE</u>	<u>Project Title</u>	<u>Total</u> <u>Prior Years</u>	<u>CY</u>	<u>BY1</u>	<u>BY2</u>	<u>Cost to</u> <u>Complete</u>	<u>Total</u> <u>Est. Cost</u>
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This Exhibit has been selected for separate analysis due to its importance in determining the capability of an activity to meet future test and evaluation requirements. Provide an I&M priority listing for FY PY, CY, BY1, and BY2 for all funding at the MRTFB activity for I&M. Minor I&M should be listed in the first line(s) of this exhibit by each program element funding minor I&M at the activity. For the major I&M (greater than \$ 2 million in any single fiscal year or greater than \$ 10 million cumulatively), each project should be listed in priority order. Ensure that the listing includes all I&M anticipated for the activity, whether the funding source is the parent Service T&E program element(s), customer funding or CTEIP funding. Show cumulative funds spent for each project prior to the PY and total cost to completion after BY+1, if applicable.

Exhibit MRTFB-3a Improvement and Modernization Funds Summary

DoD Component
 (Activity Title) Improvement and Modernization Listing
Military Construction and Base Realignment and Closure Projects
 (\$ Millions)

<u>Appropriation</u>	<u>Program Element</u>	<u>Title</u>	<u>Programmed</u> <u>Fiscal Year</u>	<u>Estimated</u> <u>Cost at Completion</u>	<u>Programmed</u> <u>Funds</u>
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For all the Military Construction and Base Closure and Realignment projects that are programmed to support the MRTFB mission at the activity and are funded in either the prior year, current year, budget year or budget year + 1 of the budget estimates submission, provide the summary data indicated above. The total projects listed on this exhibit will match the MRTFB-1 Military Construction and BRAC funding included in the Improvement and Modernization category.

DoD Component
(Activity Title) Improvement and Modernization Funds Detail
Improvement and Modernization Projects
(\$ Millions)

For any item exceeding \$2 million in any year or cumulative funding of \$10 million, provide summary data that includes the following. Indicate potential benefits, cost savings and capability improvements. Quad charts prepared for TERIB reviews can be used for the BES submission as long as the requested information is provided.

Project Title

- (1) Description - Concise description of what is to be acquired, where it will be located, its relationship to other upgrades at this facility or other DoD facilities. Identify whether the effort is required to provide an enhanced capability or whether it modernizes an existing capability.
- (2) Requirements/Payoffs - Specify the operational requirement being addressed by the project. If it is required to provide an enhanced capability, list the programs that will benefit and provide the required operating date. If required as an improvement to an existing capability, provide a payback date and the schedule for retirement of existing equipment that will become obsolete as a result of the upgrade. Discuss what other alternatives and what cross-service opportunities were considered in the review of this requirement.
- (3) Tests to be Supported - List the programs and tests to be supported by the I&M project. Indicate the acquisition category for each program that will be using the upgraded equipment or facility.
- (4) Schedule - Provide the critical milestones for the project. Include the approval date of the operational requirements document, the date of TERIB review, the contract award dates, IOC and FOC.
- (4) Funding Profile - Provide total funding plan, including all funding sources, for development through FOC. Funding should be consistent with that identified in the MRTFB-3a, Summary of I&M Projects, and with that included in the other R&D BES exhibits.

Exhibit MRTFB-3c Improvement and Modernization Detail

Classification

Exhibit T&E-1, Test and Evaluation

DoD Component: _____

Program Description: For each major program, describe any variations of T&E costs from those in the approved Test and Evaluation Master Plan (TEMP) or the current President's budget and the reasons for the changes. Divide the discussion into Developmental Test and Evaluation (DT&E), Operational Test and Evaluation (OT&E), and Live Fire Test and Evaluation (LFT&E).

Program Funding (by Program Element and Project Code)

	FY 19PY <u>Actual</u>	FY 19CY <u>Estimate</u>	FY 19BY1 <u>Estimate</u>	FY 19BY2 <u>Estimate</u>
Total RDT&E				
Total Procurement				

T&E Funding (included above)

DT&E: (Total of Contractor and Government funding below)

Contractor

T&E Facilities/Instrumentation

Contractor T&E

Government

T&E Facilities/Instrumentation

Government T&E

Targets and Threat Simulators

OT&E: (Use same categories as above)

LFT&E: (Use same categories as above)

Test Articles Number of Test Articles Shown by Year of Delivery

	FY 19PY <u>Actual</u>	FY 19CY <u>Estimate</u>	FY 19BY1 <u>Estimate</u>	FY 19BY2 <u>Estimate</u>
DT&E				
OT&E				
LFT&E				

Approved Test and Evaluation Master Plan Test and Evaluation Funding

	FY 19PY <u>Actual</u>	FY 19CY <u>Estimate</u>	FY 19BY1 <u>Estimate</u>	FY 19BY2 <u>Estimate</u>
DT&E Funding (included above in program funding)				
OT&E Funding (included above in program funding)				
LFT&E Funding (included above in program funding)				

Classification

Exhibit T&E-1 Test and Evaluation
(Page 1 of 3)

Instructions for
Exhibit T&E-1, Test and Evaluation

1. Purpose.

A. The Exhibit T&E-1 is the Test and Evaluation (T&E) exhibit for the budget estimate submission and the President's budget request. It consists of tabular and narrative data related to the funding for T&E of the Major Defense Acquisition Programs (MDAP) as specified in DoD 5000.1 and Special Interest Programs identified in the Program Objective Memorandum Instructions, Table C-1.

B. This exhibit reflects total funds included in the above specified systems/programs for T&E regardless of what organization performs the T&E. It does not include funds in T&E programs, such as MRTFB direct funding, used to provide services on a nonreimbursable basis to weapon systems.

2. Entries.

A. Program Description: For each Program Element/Project describe any major changes from the most recent President's budget request or the most recently approved TEMP and the reasons for the changes. Divide the discussions into Developmental Test and Evaluation (DT&E), Operational Test and Evaluation (OT&E), and Live Fire Test and Evaluation (LFT&E).

B. Program Funding (by Appropriation and Program Element/Project)

(1) Total RDT&E: Show total RDT&E funding for this program with a line for each Program Element/Project showing the Program Element/Project Codes (T&E portion included in these amounts will also be broken out below under T&E Funding.)

(2) Total Procurement: Show total Procurement funding for this program showing each Procurement Line Number amount. (T&E portion included in these amounts will also be broken out below under T&E funding.)

(3) T&E Funding Included Above (May be a combination of RDT&E and Procurement):

(a) DT&E: (Total of Contractor and Government funding below)

Contractor

T&E Facilities/Instrumentation: Provide all funding for provision of T&E capability through investments in plant and equipment at contractor facilities. Provide the rationale for funding facilities at contractor installations rather than at Government activities.

T&E: Provide funding for performing T&E at contractor facilities (exclude investment funding included above.)

Government

T&E Facilities/Instrumentation: Provide all funding for investments in T&E capability for plant and equipment at government facilities. Indicate whether such capabilities exist elsewhere, why duplication is warranted (if that is the case), and whether the requirement for this investment has been endorsed through the Joint Commanders Group (Test and Evaluation) review.

(T&E-1, page 2 of 3)

T&E: Provide funding for performing T&E at Government facilities. These costs include all funding provided as reimbursable orders to Major Range and Test Facility Bases and other installations.

(b) Targets and Threat Simulators: Provide all funding identified for targets and threat simulators.

(c) OT&E: Provide all funding for conducting OT&E. Provide information requested in paragraph 2.b.(3)(a) above for new facilities, if applicable.

(d) LFT&E: Provide all funding for conducting LFT&E. Provide information requested in paragraph 2.b.(3)(a) above for new facilities, if applicable. All articles used for LFT&E testing should be identified, including multi use articles. Components, subsystems and surrogates should be separated from complete combat configured articles.

C. Test Articles: Provide the number of test articles to support the T&E planned for the system by year of delivery of the article. Multi-use articles should be identified as such.

(1) DT&E: Show number of test articles by year of delivery to be used primarily for support of DT&E.

(2) LFT&E: Show number of test articles by year of delivery to be primarily for support of LFT&E.

(3) OT&E: Show number of test articles by year of delivery to be used primarily for support of OT&E.

D. Approved T&E Master Plan Funding: Provide funding included in the most recently approved T&E Master Plan (TEMP). Significant variations from the TEMP funding for T&E included in this entry and the amount reported in T&E funding above are to be addressed in the program description section of this exhibit.

(T&E-1, page 3 of 3)

ADVISORY AND ASSISTANCE SERVICES

PB-15

Instructions For Exhibit

BACKGROUND: Public Law 102-394 as implemented in OMB Circular A-11, requires that obligations for advisory and assistance services for the prior year through the budget year be submitted annually to the Congress as a separate object class (object class 25.1). The purpose of the exhibit is to provide Congress with actual estimates on the amount spent by DoD on advisory and assistance services which are utilized to enhance, assist, or improve the ability of government employees to make decisions on governmental processes, programs, and systems. Congressional concern stems from both the cost and nature of advisory and assistance services. When contractors provide advice or assistance which may affect decision making, influence policy development, or provide support to project or program management, it is essential to ensure that the contractor's performance is free of potential conflicts of interest and does not impinge upon the performance of inherently governmental functions by government employees. As such, advisory and assistance services require an appropriate degree of enhanced management and oversight. When using contractor provided products, final decisions, or actions must reflect the independent conclusions of DoD officials. Advisory and Assistance Services (object class 25.1) include services acquired by contract from non-governmental sources that provide management and professional support services; studies, analyses, and evaluations; and engineering and technical services, as defined below.

ADVISORY AND ASSISTANCE SERVICES DEFINITION (Object Class 25.1): Obligations for advisory and assistance services acquired by contract from non-governmental sources (including Federally Funded Research and Development Centers (FFRDCs) and other non-profit organizations) to support or improve organization policy development, decision making, management, and administration; support program and/or project management and administration; provide management and support services for R&D activities; provide engineering and technical support services; or improve the effectiveness of management processes or procedures. The products of advisory and assistance services may take the form of information, advice, opinions, alternatives, analyses, evaluations, recommendations, training, and technical support. The object class consists of the following three categories:

Management and Professional Support Services: Obligations for contractual services that provide assistance, advice, or training for the efficient and effective management and operation of organizations, activities (including management, scientific and engineering support services for R&D activities), or systems. These services are normally closely related to the basic responsibilities and mission of the agency contracting for the services. Includes efforts that support or contribute to improved organization or program management, logistics, management, project monitoring and reporting, data collection, budgeting, accounting, auditing, and technical support for conferences and training programs. Also includes services to review and assess existing managerial policies and organizations; develop alternative procedures, organizations, and policies; and to examine alternative applications and adaptations of existing or developing technologies.

Exhibit PB-15 Advisory and Assistance Services

Studies, Analyses, and Evaluations: Obligations for contractual services that provide organized, analytic assessments/evaluations in support of policy development, decision-making, management, or administration. Includes studies in support of R&D activities. Also includes obligations for models, methodologies, and related software supporting studies, analyses, or evaluations. Examples include, but are not limited to: cost, benefit or effectiveness analyses of concepts, plans, tactics, forces, systems, policies, personnel management methods, and programs; studies specifying the application of information technology and other information resources to support missions and objectives; technology assessments and management and operations research studies in support of RDT&E objectives; evaluations of foreign force and equipment capabilities, foreign threats, net assessments and geopolitical subjects; analyses of material, personnel, logistics and management systems; and environmental impact statements.

Engineering and Technical Services: Obligations for contractual services used to support the program office or manager during the acquisition cycle by providing such services as systems engineering and technical direction (FAR 9.505-1(b)) to ensure the effective operation and maintenance of a weapon system or major system as defined in OMB Circular A-109 or to provide direct support of a weapons system that is essential to R&D, production, or maintenance of the system. Examples include but are not limited to: determining system performance specifications; identifying and resolving interface problems; developing test requirements, evaluating test data and overseeing test design; developing work statements, determining parameters, overseeing other contractor's operations and resolving technical controversies. Also, services of contractor technical representatives providing assistance and training necessary to maintain and operate fielded systems, equipment and components (including software when applicable) at design or required levels of effectiveness.

ADDITIONAL GUIDANCE: The following describes various contracted services that are not advisory and assistance services for the purposes of this reporting requirement.

- Contracted services for routine maintenance and engineering and engineering and services for routine ADP and telecommunications efforts (Federal information processing resources as defined in subpart 201-39.201 of the Federal Information Resources Management Regulations (FIRMR)) unless they are an integral part of advisory and assistance services. For example, installation, operation, or maintenance of systems; monitoring day-to-day hardware (or software) performance; and support services required to accomplish these particular actions. However, services that recommend to the government decision maker which modification or repair may be necessary (especially if assisting in evaluating contractor A's proposal versus contractor B's), or whether to repair, modify or do nothing, are examples of "consulting services" that should be reported.

- Training which maintains skills necessary for normal operations and training obtained for individual professional development.

- Advisory and assistance services obtained through personnel appointments and chartered Federal advisory committees.

- Architectural and engineering services as defined in FAR 36-102 which are for construction, alteration, or repair (including dredging, excavating and painting) of buildings, structures or other real property.

- Research on theoretical mathematics and basic medical, biological, physical, social psychological or other phenomena.

- Services supporting the Foreign Military Sales Program paid with funds that will be reimbursed by the foreign customer or services citing other non-appropriated funds.

COVERAGE: This reporting requirement covers all Defense Department Appropriations and funds. Consulting services acquired from contracts managed by other Government Agencies and paid for with DoD Appropriations are to be reported. Exhibit PB-15, which reflects data requirements of Exhibit 15E of OMB Circular A-11, has been developed for collecting and reporting this data to OMB to comply with the reporting requirements contained in 31 U.S.C. 1114, 10 U.S.C. 2212 and P.L. 102-394.

PREPARATION REQUIREMENTS FOR EXHIBIT PB-15: The exhibit will be prepared by each DoD Component. A separate exhibit is required for each appropriation and fund. For annual and multiyear appropriations, planned obligations should be shown in the year of the appropriation rather than the year the obligation is planned. Prior year columns should reflect actual obligations incurred plus additional obligations planned over the remaining life of that fiscal year appropriations. Current and budget year columns should reflect all obligations planned over the life of those appropriations. Defense Business Operation Fund (DBOF) business areas should identify budgeted obligations in the year those obligations are planned for contracts in support of DBOF activity functions but not those in support of customer workload. The identification of advisory and assistance services in support of appropriations managed by one component but executed by another component, fund (e.g., DBOF), or through federally funded research and development centers is the responsibility of the appropriation fund manager. In determining whether a contract is for advisory and assistance services, the contracting or executing organization is not relevant. For example, advisory and assistance services in support of the Defense Environmental Restoration Account (DERA) but executed by the Military Departments must be identified in DERA appropriation exhibits. Each Military Department will provide overall summary displays of department totals.

SUBMISSION REQUIREMENTS: OMB Circular A-11 requires the submission of a consolidated budget exhibit in the form which is required by these instructions. Estimates are to reflect actual and planned obligation data for the prior year and estimated obligations for the current year. Budget year estimates for multi-year appropriations should reflect the fully funded requirement in the fiscal year column in which the funds are appropriated regardless of when actual obligations are planned. The Exhibit will be submitted as a special analysis exhibit and processed and distributed in accordance with Chapter 1, Section 0104 of this manual.

Each Military Department and the Defense-Wide agencies will provide an exhibit for each appropriation. In addition, each Military Department and the Defense-Wide agencies will provide a consolidated exhibit for all appropriations under their control.

**** The PB-15 report should reflect the same resource amounts as identified in Object Class 25.1 of the President's Budget. Any discrepancies between the PB-15 and object class 25.1 must be fully explained. Each PB-15 exhibit is required to contain each appropriation manager's name and telephone number.****

ADVISORY AND ASSISTANCE SERVICES

PB-15 Exhibit

DEPARTMENT/AGENCY

<u>Appropriation</u>	(Dollars in Thousands)		
	<u>FY 19 PY</u>	<u>FY 19 CY</u>	<u>FY 19 BY</u>
I. Management & Professional Support Services	-	-	-
II. Studies, Analysis, & Evaluations	-	-	-
III. Engineering & Technical Services	-	-	-
Totals	-	-	-

NOTE:

Totals displayed should tie to obligations reported in object class 25.1.

A summary schedule must be prepared when consulting services are funded from more than one appropriation.

Component: _____
 DATE: _____

FOREIGN CURRENCY EXCHANGE DATA
 FY 19BY1/ FY 19BY2 Budget Submit/ President's Budget

Identify Appropriation
 (\$ in Thousands)

Country	FY 19PY			FY 19CY			FY 19BY1			FY 19BY2		
	U.S. \$ Requiring Conversion	Approved Execution Rates	1/ 2/	U.S. \$ Rate Conversion	Approved Execution Rates	1/ 2/	U.S. \$ Rate Conversion	Budgeted Exchange Rates	1/ 2/	U.S. \$ Rate Conversion	Budgeted Exchange Rates	1/ 2/
Belgium												
Canada												
Denmark												
France												
Germany												
Greece												
Italy												
Japan												
Netherlands												
Norway												
Portugal												
South Korea												
Spain												
Turkey												
United Kingdom												
TOTAL												

1/ U.S. dollar value of program purchased with foreign currency at prescribed exchange rate. For the FY 19PY Actuals, the value of the overseas program will agree with the obligations incurred at the budget rate reflected on the DD-Comp(M) 1506 report as of 30 Sep.

2/ As prescribed in OSD guidance issued by DoD(C) P/B. Express the foreign currency exchange rates in terms of units of foreign currency that can be purchased with one (1) U.S. dollar (e.g., 200.00 Yen per one U.S. Dollar).

Exhibit PB-18 Foreign Currency Exchange Data

DEPARTMENT OF DEFENSE MANAGEMENT HEADQUARTERS

FY 19PY Actual			FY 19CY Estimate			FY 19BY1 Estimate			FY 19BY2 Estimate		
Military Strength	FTEs	Total Strength (\$ 000)	Total Strength (\$ 000)	Avg	Military Strength	Total Strength (\$ 000)	Avg	Military Strength	Total Strength (\$ 000)	Avg	Total Strength (\$ 000)

INSTRUCTIONS

Category/Organization/Appropriation
Department (DoD)
Defense Agencies

This exhibit will provide manpower and cost data for all organizations listed in DoD Directive Defense Management Headquarters." Organizations will be included under the same category 5100.73 "Department of as the DoD Directive. Manpower will be identified by appropriation or fund as in the following example:

FY 19BY1 Estimate

FY 19BY1 Estimate			FY 19BY1 Estimate			FY 19BY1 Estimate		
Military Strength	FTEs	Total Strength (\$ 000)	Avg	Military Strength	Total Strength (\$ 000)	Avg	Military Strength	Total Strength (\$ 000)

Unified Commands

Atlantic Command

MPN 203

MPMC 19

O&M, N 54

(Dir) (51)

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Total Obl

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LEGISLATIVE ACTIVITIES
PB-23 Instructions

1. The annual costs and average strength for legislative activities will be reported in accordance with the guidance memorandum on this subject issued by the Secretary of Defense, dated 1 June 1987. The following are the definitions for each of the categories:

Legislative Liaison - Legislative liaison activities are the direct, daily, and personal contact on a continuing basis made by representatives of DoD with members and committees of the Congress and their staffs for the purpose of presenting and justifying the Department's or a Component's legislative program. These activities are not authorized below the Military Department/Defense-Wide agency headquarters level.

Other Legislative Activities - Other legislative activities are congressionally related functions performed by Departmental personnel that are primarily for the provision of routine information to the Congress and do not include the presentation and the justification of the Department's or a Component's legislative program. This category includes all other legislative activities at the Component's Headquarters and field levels.

2. Legislative affairs activities will be reported by the Components to the Office of the Department of Defense (Comptroller) under two categories.

Category A - Legislative Liaison historically has been subject to an annual cost limitation established by the Congress. This category includes Military Department/Defense-Wide agency headquarters level personnel who are assigned permanently or detailed to approved legislative liaison positions and whose primary duty is maintaining liaison with Members of Congress and congressional committees and their staffs as well as the clerical and administrative personnel required to support these liaison personnel in their assigned duties. Departmental Secretaries and their assistants, heads of agencies, administrators of special departmental programs, budget officers, etc. who are called upon from time to time to participate in the Department's business with the Congress are not included in Category A. Personnel and costs included within Category A will be reported under the appropriate subcategory described on the PB 23 exhibit.

Category B - Other Legislative Activities historically has not been subject to the annual cost limitation established by the Congress, but the number of personnel spending at least 30 man days per year performing these activities will be reported to the Congress. Other legislative activities are congressionally related functions performed by personnel not already reported under Category A. Persons included under Category B are not assigned to approved legislative liaison positions and do not have the primary mission of promoting the liaison of their activity or agency with the Congress. Other legislative activities may involve direct contact with committee members of the Congress and their staff, but the nature of such contact is primarily the provision of routine information to the Congress, not the presentation and justification of the Department's or Agency's legislative program. Personnel and costs included within Category B will be reported under the appropriate subcategory described on the PB-23 exhibit.

Exhibit PB-23 Legislative Activities

3. Average number of civilian employees is the of civilian FTEs devoted to the specified activity. Civilian personnel cost is the total civilian compensation related to the civilian workyears reported in Column 1. This includes salaries and benefits. Permanent change of station travel costs for civilians will not be included. Costs are to be consistent with the President's budget.
4. Average number of Military Personnel is the military average strength devoted to the specified activity. Military personnel costs are the military average strength times the composite standard rates consistent with the President's budget. "Composite Standard Rates" for military personnel consist of basic pay, incentive and special pay, retired pay accrual and certain expenses and allowances included in Active Forces Military Appropriations. Standard rates do not provide for permanent change of station travel costs or support of free world forces, which are also financed by Active Forces Military Appropriations; nor do they provide for military personnel expenses financed by other appropriations such as BAQ due to occupancy in government quarters. An acceleration factor is used to cover items not included in standard rates.
5. All Other Costs (Column 5) include terminal leave, overtime, and miscellaneous supplies and services. TDY travel expenses for military and civilian personnel accompanying congressional delegations will not be included, since such travel is at the direction of the Congress, and the number of trips and escorts costs cannot be forecast by the Department. Regular administrative TDY costs for both military and civilian personnel will be included.
6. Applicable FY pay raise amounts are to be identified separately from the program estimate and are to be consistent with DoD(C) P/B prescribed guidance. The annualized effect of the previous FY pay raise amounts will be included in the program request for that particular fiscal year.
7. The PB 23, PB 23a, and PB 23b exhibits will be submitted for the PY, CY, BY1, and BY2 for the September budget submission and for the FY 19BY1/BY2 President's budget. A copy of the composite standard rates used for pricing military personnel for each FY will be submitted for both submissions. Also, provide a copy of the written approval received from the ASD(LA) or the DoD(C) P/B authorizing increases in legislative liaison staffing. The exhibits supporting legislative activities will not be included in the congressional justification material supporting the FY 19BY1/BY2 President's budget request.

DATE: _____

DEPARTMENT OF ARMY/NAVY/AIR FORCE/DEFENSE AGENCY
SUMMARY OF LEGISLATIVE ACTIVITIES - FISCAL YEAR (PY/CY/BY1/BY2)
FY 19BY1/FY 19BY2 Budget Submit/President's Budget
(\$ in Thousands)

A. LEGISLATIVE LIAISON

1	2	3	4	5	6
Av. No. Civ. Emps	Total Civilian Compensation	Av. No. Mil. Pers.	Total Military Cost	All Other Costs	Total Cost

1. All personnel assigned permanently or detailed to any legislative office including all personnel physically located in an office on Capitol Hill and those who work directly with the Congress in the preparation and execution of Congressional travel.
Program
Pay Raise
Subtotal
 2. All personnel assigned to approved legislative liaison positions of other Department of Defense activities and agencies whose primary mission is to promote liaison of their particular activity or agency with the Congress.
Program
Pay Raise
Subtotal
 3. All personnel assigned permanently or detailed to comptroller liaison or budget liaison offices.
Program
Pay Raise
Subtotal
- Total Legislative Liaison
Program
Pay Raise
Total

DEPARTMENT OF ARMY/NAVY/AIR FORCE/DEFENSE AGENCY
SUMMARY OF LEGISLATIVE ACTIVITIES - FISCAL YEAR (PY/CY/BY1/BY2)
FY 19BY1/FY 19BY2 Budget Submit/President's Budget
(\$ in Thousands)

B. OTHER LEGISLATIVE ACTIVITIES

	1	2	3	4	5	6
	Av. No. Civ. Emps	Total Civilian Compensation	Av. No. Mil. Pers.	Total Military Cost	All Other Costs	Total Cost
1. Personnel <u>not</u> included in Category A "Legislative Liaison" in the various Components who spend at least 30 man days per year in direct personal contact Members and committees of the Congress and their staff.						
Program						
Pay Raise						
Subtotal						
2. Personnel involved with routine activities necessary for the preparation of a legislative program such as tracking legislation, writing analyses and performing research with respect to legislation.						
Program						
Pay Raise						
Subtotal						
3. Personnel not included above who spend more than 30 man days per year in coordinating and answering congressional inquiries, constituent letters, and telephone inquiries.						
Program						
Pay Raise						
Subtotal						
4. Personnel not included above who spend more than 30 man days per year in the preparation and the processing of congressional justification books, witness statements, and hearing transcripts.						
Program						
Pay Raise						
Subtotal						
5. All clerical and administrative personnel who spend at least 30 man days per year assisting those personnel identified in category B.						
Program						
Pay Raise						
Subtotal						
Total Other Legislative Activities						
Program						
Pay Raise						
Total						
GRAND TOTAL						

DATE: _____

DoD Component
Category A - Legislative Liaison Activities
FY 19BY1/FY 19BY2 Budget Submit/President's Budget

Object Class Data (Dollars in Thousands)	FY 19PY	FY 19CY	FY 19BY1	FY 19BY2
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Operation & Maintenance

Provide a breakout by Object Class for Category A only. (See OMB Circular No. A-11 for definitions.)

Total Operation & Maintenance

Military Personnel

Provide a breakout by Object Class for Category A only. (See OMB Circular No. A-11 for definitions.)

Total Military Personnel

Total Category A - Legislative Liaison Activities

The data provided on this exhibit will include the total funding for Category A - Legislative Liaison Activities (program and pay raise).

DATE: _____

DoD Component
Category A - Legislative Liaison Activities
FY 19BY1/FY 19BY2 Budget Submit/President's Budget

Average Strength/FTEs by Grade
(End Strength)
FY 19PY FY 19CY FY 19BY1 FY 19BY2

Civilians (FTEs)

List each grade separately for Category A only.

Total Civilians

Military Personnel (Avg Strength)
Officers

List each grade separately for Category A only.

Total Officers

Enlisted

List each grade separately for Category A only.

Total Enlisted

Total Military Personnel

Total Personnel Strength - Legislative Liaison Activities

PROFESSIONAL MILITARY EDUCATION SCHOOLS

SERVICE
SCHOOL

(Provide a separate exhibit for each school)

I. Narrative Description (Statement of Requirements and Mission):

II. Description of Operations Financed: Provide a description of what is funded below. Include the course length and frequency. Indicate whether or not short courses, correspondence courses, and non-resident courses are included. Indicate other activities funded by the school such as wargaming facilities and other support activities.

III. Financial Summary (\$ Thousands):

		<u>FY 19CY</u>			
A.	FY 19PY	Budget		Current	
		Request	Approp.	Estimate	Estimate
				FY 19BY1	FY 19BY2
				FY 19CY/FY 19BY1	FY 19CY/FY 19BY2
				Change	Change

Mission (O&M)
Base operations
Military Personnel
O&M
Military Personnel ^{1/}
School Personnel

Total Direct Program

Total Reimbursable Program ^{2/}

^{1/} (Use standard rates (i.e. average cost per officer and average cost per enlisted) to calculate military personnel assigned).

^{2/} As a minimum, include costs of courses that are being reimbursed from acquisition training funds and reimbursement from Foreign Military Sales (FMS). Identify reimbursements from acquisition training separately.

Provide a description of changes between the current year appropriation and current estimate as well as between the current year and the budget year.

PROFESSIONAL MILITARY EDUCATION SCHOOLS

SERVICE
SCHOOL

IV. Performance Criteria and Evaluation:

FY 19PY FY 19CY FY 19BY1 FY 19BY2

Direct Funded:
Student Input
Student Load
Graduates

Reimbursable Funded:
Student Input
Student Load
Graduates

Average Cost per Student Load (Total from Part III divided by the student load.)

Include student input, load, and graduates for resident course only.

III. Personnel Summary: Excludes students.

FY 19CY

	Budget	Current	FY 19BY1	FY 19BY2	FY 19CY/FY 19BY1	FY 19CY/FY 19BY2
	FY 19PY	Request	Approp.	Estimate	Estimate	Change

Military End Strength (Total)
Officers
Enlisted

Military Average Strength (Total)
Officers
Enlisted

Civilian End Strength (Total)
USDH

Civilian FTEs (Total)
USDH

Instructions for Professional Military Education (PB-24)

A Separate Exhibit is to be submitted for each of the following schools:

1. National War College
2. Industrial College of the Armed Forces
3. Army War College
4. College of Naval Warfare
5. Air War College
6. U.S. Army Command and General Staff College
7. College of Naval Command and Staff
8. Air Command and Staff College
9. Marine Corps Command and Staff College

In addition, the Army will provide a consolidated exhibit for the National Defense University.

FY 19BY1/FY 19BY2 PRESIDENT'S BIENNIAL BUDGET
HOST NATION SUPPORT COST EXHIBIT 1/

COUNTRY (And SUMMARY) _____ DOD COMPONENT _____
(\$ in Millions) FY 19PY FY 19CY FY 19BY1 FY 19BY2

I. GENERAL INFORMATION

A. AVERAGE EXCHANGE RATE USED

B. INFLATION RATES USED

1. Labor
2. Non-Labor

II. DIRECT SUPPORT

A. RENT

B. LABOR

1. Foreign National Labor Cost Sharing
2. Percent of Labor Covered
3. KATUSA Labor (Korea Only)

C. UTILITIES

1. Dollar value of HNS
2. Percent of Utilities Covered

D. FACILITIES

1. Maintenance and Repair
2. Facilities Improvement Program
3. Relocation Construction
4. Other (List)

E. MISCELLANEOUS (List)

F. MEMO - Identify amount of cash contribution included above.

Exhibit PB-25 Host Nation Support

FY 19BY1/FY 19BY2 PRESIDENT'S BIENNIAL BUDGET
HOST NATION SUPPORT COST EXHIBIT 1/

COUNTRY (And SUMMARY) _____ DOD COMPONENT _____

(\$ in Millions)

III. INDIRECT SUPPORT

A. RENT

B. TAX CONCESSIONS/CUSTOM DUTIES

C. MISCELLANEOUS (List)

IV. NARRATIVE EXPLANATION

Provide a clear explanation of significant changes between fiscal years by appropriation.

FY 19BY2

FY 19BY1

FY 19CY

FY 19PY

FY 19BY1/FY 19BY2 PRESIDENT'S BIENNIAL BUDGET
HOST NATION SUPPORT CIVILIAN PERSONNEL EXHIBIT 1/

V. <u>END STRENGTH (E/S)</u>	COUNTRY (And SUMMARY)	DOD COMPONENT			
			FY 19FY	FY 19CY	FY 19BY1

- A. FOREIGN NATIONAL DIRECT HIRES
 - 1. E/S funded solely by U.S. 2/
 - 2. E/S funded by host nation cash payments to U.S.
 - 3. E/S funded by host nation assistance-in-kind
- B. FOREIGN NATIONAL INDIRECT HIRES
 - 1. E/S funded solely by U.S. 2/
 - 2. E/S funded by host nation cash payments to U.S.
 - 3. E/S funded by host nation assistance-in-kind
- C. U.S. DIRECT HIRES
 - 1. E/S funded solely by U.S. 2/
 - 2. E/S funded by host nation cash payments to U.S.
 - 3. E/S funded by host nation assistance-in-kind
- D. TOTAL HIRES
 - 1. E/S funded solely by U.S. 2/
 - 2. E/S funded by host nation cash payments to U.S.
 - 3. E/S funded by host nation assistance-in-kind

FY 19BY1 / FY 19BY2 PRESIDENT'S BIENNIAL BUDGET
HOST NATION SUPPORT CIVILIAN PERSONNEL EXHIBIT 1/

	COUNTRY (And SUMMARY) _____	DOD COMPONENT _____	
			<u>FY 19BY2</u>
		<u>FY 19CY</u>	<u>FY 19BY1</u>

VI. FULL-TIME EQUIVALENTS (FTEs)

A. FOREIGN NATIONAL DIRECT HIRES

1. FTEs funded solely by U.S. 2/
2. FTEs funded by host nation cash payments to U.S.
3. FTEs funded by host nation assistance-in-kind

B. FOREIGN NATIONAL INDIRECT HIRES

1. FTEs funded solely by U.S. 2/
2. FTEs funded by host nation cash payments to U.S.
3. FTEs funded by host nation assistance-in-kind

C. U.S. DIRECT HIRES

1. FTEs funded solely by U.S. 2/
2. FTEs funded by host nation cash payments to U.S.
3. FTEs funded by host nation assistance-in-kind

D. TOTAL HIRES

1. FTEs funded solely by U.S. 2/
2. FTEs funded by host nation cash payments to U.S.
3. FTEs funded by host nation assistance-in-kind

FY 19BY1/FY 19BY2 PRESIDENT'S BIENNIAL BUDGET
HOST NATION SUPPORT CIVILIAN PERSONNEL EXHIBIT 1/

COUNTRY (And SUMMARY) _____ DOD COMPONENT _____

(\$ in Millions)

VII. TOTAL COMPENSATION 3/	FY 19PY	FY 19CY	FY 19BY1	FY 19BY2
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A. FOREIGN NATIONAL DIRECT HIRES

1. FTEs funded solely by U.S. 2/
2. FTEs funded by host nation cash payments to U.S.
3. FTEs funded by host nation assistance-in-kind

B. FOREIGN NATIONAL INDIRECT HIRES

1. FTEs funded solely by U.S. 2/
2. FTEs funded by host nation cash payments to U.S.
3. FTEs funded by host nation assistance-in-kind

C. U.S. DIRECT HIRES

1. FTEs funded solely by U.S. 2/
2. FTEs funded by host nation cash payments to U.S.
3. FTEs funded by host nation assistance-in-kind

D. TOTAL HIRES

1. FTEs funded solely by U.S. 2/
2. FTEs funded by host nation cash payments to U.S.
3. FTEs funded by host nation assistance-in-kind

1/ HNS is defined as those amounts paid in cash to the U.S. or provided as assistance-in-kind by a Host Nation to defray the costs of U.S. forces permanently assigned in that country during peacetime. Assistance-in-kind includes any support provided without charge by the Host Nation, i.e., Japanese local national labor cost sharing. This exhibit is to be completed by country. Part II of the Exhibit is to be completed by country by appropriation. Additionally, complete the exhibit summarizing data for all countries. Similarly, provide a summary of Part II by appropriation. Cost and civilian end strength estimates are to reflect host nation support contributions only for activities supported by appropriated funds.

2/ Excludes non-appropriated funded activities.

3/ Personnel costs are to be consistent with OP-8 budget exhibits.

DEFINITIONS

Average Exchange Rate Used - Indicate the exchange rate used in all calculations provided in the HNS exhibit. Put exchange rates in terms of foreign currency per U.S. dollar.

Inflation Rates Used - Indicate the inflation factor used in all calculations provided in the HNS exhibit. If there is a different rate used within non-labor categories, list the items separately. Be sure all amounts shown are adjusted for inflation.

DIRECT SUPPORT

Rents - The amount of lease/rental payments by the Host Nation Government for the use of private property by U.S. forces.

Labor - The amount of payments by the Host Nation for U.S. Direct Hires, Foreign National Direct Hires, and Foreign National Indirect Hires.

Percent of Labor Covered Under Agreement - Indicate the percentage of U.S. forces labor costs paid by HNS.

KATUSA Labor - This category is for Korea only and is the amount of payments made by Korea for Korean Augmentees to the U.S. Army.

Utilities - The amount of payments by the Host Nation for U.S. forces use of on-base and off-base electricity, heating fuels, water, and sewer. Indicate the percentage of U.S. forces utility costs paid by HNS.

Facilities - The amount of Host Nation payments for the planning, design, construction (PDC) and maintenance and repair of facilities used by U.S. forces. Host nation payment for residual value of property turned over to host nations due to base closures is not to be included as HNS.

Maintenance and Repair - The amount of Host Nation payments for the maintenance and repair of U.S. forces' facilities.

Facilities Improvement Program - The amount of Host Nation payments for facilities for the PDC of projects such as family and bachelor housing, community support and recreation facilities, and utilities upgrade. It also includes operational support facilities such as hangars and hardened aircraft shelters.

Relocation Construction - The amount of payments by the Host Nation for facilities for the PDC of projects associated with the relocation of U.S. forces primarily for the convenience of the Host Nation.

INDIRECT SUPPORT

Rents - The fair market lease/rental value of property owned by the Host Nation Government and used by U.S. forces.

Tax Concessions/Customs Duties - The value of tax concessions and customs duties that are waived by the host nation. Examples include local purchases of services, materials & supplies, official import exemptions, POL purchases, tolls for official U.S. functions, value added taxes, postal taxes, and utility taxes.

DEPARTMENT OF _____
SUMMARY OF FUNDS BUDGETED FOR ENVIRONMENTAL PROJECTS
FY 19BY1/FY 19BY2 BUDGET

	FY PY	FY CY	FY BY1	FY BY2	Change
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>CY/BY1</u>
					<u>BY1/BY2</u>

(\$ in Thousands)

ENVIRONMENTAL SECURITY TECHNOLOGY

Appropriation Environmental Security Pillar
e.g. RDT&E Cleanup
Compliance
Conservation
Pollution Prevention

DEPARTMENT OF _____
SUMMARY OF FUNDS BUDGETED FOR ENVIRONMENTAL PROJECTS
FY 19BY1/FY 19BY2 BUDGET

(\$ in Thousands)				
FY PY	FY CY	FY BY1	FY BY2	Change
<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>CY/BY1</u> <u>BY1/BY2</u>

**Environmental Quality- TOTAL
By Appropriation**

1. Recurring Costs - Class 0

- a. Manpower
- b. Education & Training

2. Environmental Compliance - Recurring Costs (Class 0)

- a. Permits and Fees
- b. Sampling, Analysis, Monitoring
- c. Waste Disposal
- d. Other Recurring Costs

3. Environmental Pollution Prevention - Recurring Costs (Class 0)

4. Environmental Conservation - Recurring Costs (Class 0)

Total Recurring Costs

JUSTIFICATION

1. For each environmental pillar, identify all funding by appropriation which is budgeted for environmental projects/activities. Provide narrative justification supporting changes between fiscal years.
2. This exhibit is to be submitted with the OSD Budget submission and the President's Budget.

DEPARTMENT OF _____

SUMMARY OF FUNDS BUDGETED FOR ENVIRONMENTAL PROJECTS
FY 19BY1/FY 19BY2 BUDGET

	FY PY	FY CY	FY BY1	FY BY2	Change
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>BY1/BY2</u>
	(\$ in Thousands)				
5. Environmental Compliance - Non Recurring (Class I/II)					
a. RCRA Subtitle C - Hazardous Waste					
b. RCRA Subtitle D - Solid Waste					
c. RCRA Subtitle I - Underground Storage Tanks					
d. Clean Air Act					
e. Clean Water Act					
f. Planning					
g. Other					

h. Total - Non Recurring (Class I/II)

Overseas Compliance Program (memo entry - \$ included above)
Subtotal

6. Environmental Pollution Prevention - Non Recurring (Class I/II)

- a. RCRA Subtitle C - Hazardous Waste
- b. RCRA Subtitle D - Solid Waste
- c. Clean Air Act
- d. Clean Water Act
- e. Hazardous Material Reduction
- f. Other

h. Total - Non Recurring (Class I/II)

1. The funds request is to be supported by an attachment identifying the programmed environmental projects for Class I and Class II for the President's Budget.

7. Environmental Conservation - Non Recurring (Class I/II)

- a. T&E Species
- b. Wetlands
- c. Other Natural Resources
- d. Historical & Cultural Resources

e. Total - Non Recurring (Class I/II)

Footnote:

1. The funds request is to be supported by an attachment identifying the programmed environmental projects for Class I and Class II for the President's budget.

WASTE MINIMIZATION CAPITALIZATION ACCOUNT (WMCA)
FY 19(BY1/BY2) BUDGET SUBMISSION/PRESIDENT'S BUDGET
(\$ in Thousands)

<u>Item Description</u>	<u>FY 19BY1 WMCA</u> <u>Plan Minimum</u>	<u>Prior Year Offsets</u> <u>FY 19PY FY 19CY</u>	<u>Adjusted FY 19BY1</u> <u>WMCA Minimum</u>	<u>Average Annual</u> <u>Savings</u>	<u>Useful Life</u> <u>Savings</u>	<u>Total Estimated</u> <u>Savings</u>
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Operating Expenses

Personnel

Travel

Misc Contracts

Depreciation Amortization

GA&E

Lease Costs

(Attach additional sheets as necessary)

Equipment Expenses

Facilities Expenses

MILCON Projects

Other Projects

Other Expenses

Material Substitutes

Process Changes

RDT&E Projects

Totals

NOTE: This exhibit is to be completed by each industrially funded activity included in the program (e.g., depot, shipyard, logistics center, etc.). The activities currently included in the program are attached in these instructions. The exhibit should reflect the planned use of funds under the Capitalization Account Program and the estimated benefits. Funding for the program shall come out of payments received by these activities. Funding for FY 19BY1 shall be not less than .5 of one percent of the amount of such payments received during FY 1988.

The required amount of funding for FY 19BY1 may be reduced by amounts expended for faster minimization at these activities during FY 19PY and FY 19CY.

Each initiative and project funded under this program should achieve, over its useful life, reductions in the cost of solid and hazardous waste disposal at the activity in an amount which is not less than the cost of the initiative or project.

Item Description - In this column, insert line items (by the type of expense) for each initiative or project planned under this program. All line items should include A-106 Report project numbers when applicable.

Operating Expenses - includes costs for personnel, travel, miscellaneous contracts, equipment leasing, other general and administrative expenses (G&A&E), depreciation amortization (e.g., MILCON projects, equipment, etc.), etc., expended primarily to support waste minimization initiatives.

Equipment Expenses - includes costs for purchased investment equipment which is obtained primarily for waste minimization purposes. (Leasing of equipment should be included in Operating Expenses)

Facilities Expenses - includes costs to lease, maintain, repair, rehabilitate or modify facilities primarily to support waste minimization efforts. Projects should be categorized as either O&M or Military Construction and listed by A-106 project number. Only include O&M projects greater than \$25,000 in estimated cost.

Other Expenses - includes costs to initiate or implement product-material substitutes, process (Technical Order, etc.) changes and other miscellaneous initiatives which will result in waste minimization. Also includes costs for RDT&E initiatives not included elsewhere.

FY 19BY1 WMCA Plan Minimum - This column represents the total funds, distributed among various expenses, planned for expenditure under this program. The total plan must equal at least .5 of one percent of FY 88 revenue.

Prior Year Offsets (1990/1991) - This column represents reductions to the total .5 of one percent for initiatives/projects undertaken in FY 19PY or 19CY. These initiatives and projects should be listed under the appropriate expense categories. Line items funded by the Defense Environmental Restoration Account (DERA) do not qualify as offsets.

Adjusted FY 19BY1 WMCA Plan Minimum - This column represents the amount in the FY 19BY1 WMCA Plan Minimum Column less the Prior Year Offset columns for FY 19PY/FY 19CY.

Average Annual Savings - This column represents the estimated average annual savings, in FY 19BY1 dollars, over the economic life of the initiative or project. It is recognized that this column may not be able to be completed for some line items (e.g., personnel, travel, etc.) but every attempt should be made to quantify anticipated savings associated with planned expenditures/investments. This column should be completed for applicable line items regardless of when funded (FY 19PY, FY 19CY, or FY 19BY1).

Useful Life - This column represents the estimated duration, in years, of the project's useful or economic life for all applicable initiatives, regardless of when funded (FY 19PY, FY 19CY, FY 19BY1).

Total Estimated Savings - This column is the product of the previous two columns and as such, represents the total anticipated savings of the initiatives. Reduction in waste disposal costs should be the primary component of the estimated savings but other factors can be included as well.

DEPENDENTS STUDENT MEAL PROGRAM

BACKGROUND: Department of Defense Directive 1015.5 DoD Student Meal Program prescribes Dependents Students Food Service Programs in the Overseas Dependents Schools. The Directive requires that the Secretaries of the Military Departments, or their designees, will make arrangements for this program and ensure that adequate resources, including facilities are available. The purpose of this exhibit is to identify those schools which do not have currently operating student meal programs.

PREPARATION REQUIREMENTS: The Department of Defense Dependent Education Activity (DoDDEA) will prepare a consolidated exhibit in the prescribed format for submission to OSD in the biennial budget. This exhibit will list the schools which currently (as of the budget years) do not have a satisfactory student meal program and for which resources to provide the facilities and for the operation of such a student meal program have not been programmed.

NARRATIVE EXPLANATION For each School listed as not having a satisfactory student food service program, a narrative explanation will be provided which will describe the resources, including facilities, minor construction, installed equipment, initial portable equipment, repair and maintenance of facilities, installed equipment, utilities, custodial services, and or any other resources which are required to implement a Student Meal Program.

SUBMISSION REQUIREMENTS: DoDDEA will provide the required exhibit on Dependents Student Meal Program in the submission of the biennial budget to OSD.

(Name of Service)
DEPENDENTS STUDENT MEAL PROGRAM (PB-40)
FY 19BY1/FY 19BY2 Biennial Budget

Schools Not Having Student Meal Program

<u>Name of School</u>	<u>Location</u>	<u>Enrollment</u>
Patton Elementary	Rhineburg, Germany	700

Narrative: A separate narrative should be provided for each school explaining the specific requirements for facilities such as minor construction, installed/ portable equipment, repair and maintenance of facilities, installed equipment, utilities and other services which are necessary to support a student meal program which are not in place at the school. In the event that the lack of a student meal program is not due to the aforementioned factors, the narrative should explain why a meal program has not been implemented.

ADMINISTRATIVE MOTOR VEHICLE OPERATIONS (PB-41)

(Name of Component)

(Dollar in Thousands)

FY 19PY

FY 19CY

FY 19BY1

FY 19BY2

Cost Category

1. Operating Costs for
Non-Tactical Fleets
2. Accident Damage
(Net loss to Government)
3. Vehicle Procurement
Costs
4. Commercial Leases
5. IFMS Leases
6. Disposal Costs
7. Capital Expenditures
for Facilities and
Equipment
8. Privately Operated Vehicles

Total

Distribution by Appropriation

(Identify the amounts included above by appropriation and industrial funds.)

Total

BACKGROUND: The Consolidated Omnibus Budget Reconciliation Act of 1985, Subtitle C - Federal Motor Vehicle Expenditure Control of Public Law 99-272, requires that each Federal Agency establish and operate a central monitoring system for motor vehicle costs and establish a data collection system and to report such data in support of the President's budget. Guidance as to the definition and coverage of this requirement is provided by the General Services Administration in Federal Property Regulations. The Vehicles used for military training, combat or tactical purposes are specifically excluded.

PREPARATION REQUIREMENTS: Each component of the Department is required to complete a PB-41 Motor Vehicle Operations Exhibit. These will be used by the Office of the Secretary of Defense to prepare a consolidated exhibit which will be provided to the Congress in the Defense agencies Volume II Data Book. The components submissions will also be used by the OSD Comptroller to submit consolidated estimates for the Office of Management and Budget as required by OMB Circular A-11.

Exhibit PB-41 Administrative Motor Vehicle Operations

DATE _____
 DEPARTMENT of _____
 FY 19BY1/19BY2 OSD Submit/President's Budget
 Commercial Activities

FY 19PY Actual FY 19CY Estimate FY 19BY1 Estimate FY 19BY2 Estimate

Positions Studied/to be Studied
 Military (Identify applicable appropriations)
 Civilian
 O&M
 RDT&E
 Industrial Fund
 etc. (Identify each applicable appropriation/fund)
 Total Civilians
 Total Positions Studied/to be Studied

Actual/Projected Savings Reflected in the Budget (FTEs/End Str)
 Military (Identify applicable appropriations)
 Civilian
 O&M
 RDT&E
 Industrial Fund
 etc. (Identify each applicable appropriation/fund)
 Total Civilians
 Total Actual/Projected personnel strength Savings

Actual/Projected Dollar Savings Reflected in the Budget (\$ in Thousands)
 Military (Identify applicable appropriations)
 Civilian
 O&M
 RDT&E
 Industrial Fund
 etc. (Identify each applicable appropriation/fund)
 Total Civilians
 Total Actual/Projected Dollar Savings

Every component is required to submit this exhibit even if the response is negative. This exhibit will be submitted in accordance with the requirements of Presidential Executive Order 12615, dated November 19, 1987. The Executive Order on commercial activities facilitates ongoing efforts to ensure that the Federal Government acquires needed goods and services in the most economical and efficient manner. The Executive Order requires the annual budget submissions to reflect estimates of expected yearly funding and end strength savings from the privatization of commercial activity projected to be accomplished following the to be accomplished following the to be accomplished following the completion of scheduled studies.

The dollar amount of savings reflected should be the net of first year savings to be retained as incentive compensation for employee productivity efforts or for other productivity enhancement projects. Such reservations should be fully identified by appropriation and explained in a footnote to this exhibit.

Exhibit PB-42 Commercial Activities

Child Development, Family Centers, and Family Advocacy Programs

(TOA, \$ in Millions)

Component

FY 19PY FY 19CY FY 19BY1 FY 19BY2

I. CHILD DEVELOPMENT PROGRAMS

A. CHILD DEVELOPMENT CENTERS

Appropriation

(Identify costs by appropriation (i.e. O&M, Mil Con, etc.) and total)

Estimated Child Care Fee Receipts

Other Non-Appropriated Fund Support

WORKLOAD

No. of Child Care Spaces Funded

Personnel

Military (E/S)

Civilian FTEs (Appropriated Fund Employees Only)

B. FAMILY CHILD CARE

Appropriation (Identify costs by appropriation and total)

Personnel

Military (E/S)

Civilian FTEs (Appropriated Fund Employees Only)

WORKLOAD

No. of Child Care Spaces Funded

C. SCHOOL AGED PROGRAMS NOT INCLUDED IN CENTERS

Appropriation (Identify costs by appropriation and total)

Personnel

Military (E/S)

Civilian FTEs (Appropriated Fund Employees Only)

D. SUPPLEMENTAL PROGRAM SERVICES

Appropriation (Identify costs by appropriation and total)

Personnel

Military (E/S)

Civilian FTEs (Appropriated Fund Employees Only)

TOTAL CHILD DEVELOPMENT SERVICES

BY APPROPRIATION

PERSONNEL

Exhibit PB-50 Child Development, Family Centers, and Family Advocacy Programs

Page 1 of 4

WORKLOAD

No. of Child Care Spaces Funded
No. of Child Care Spaces Required

Narrative: Explain changes between current year and budget year. Identify price and program growth between each year.

II. YOUTH PROGRAMS

A. SCHOOL AGED CHILD CARE

Appropriation

(Identify costs by appropriation (i.e. O&M, Mil Con, etc.) and total)

Estimated Child Care Fee Receipts

Other Non-Appropriated Fund Support

WORKLOAD

No. of Child Care Spaces Funded

Personnel

Military (E/S)
Civilian FTEs (Appropriated Fund Employees Only)

B. OTHER YOUTH PROGRAMS

Appropriation (Identify costs by appropriation and total)

Personnel

Military (E/S)
Civilian FTEs (Appropriated Fund Employees Only)

WORKLOAD

No. of Child Care Spaces Funded

III. FAMILY CENTERS

Appropriation (Identify costs by appropriation and total)

Personnel

Military (E/S)
Civilian FTEs

Workload (Excludes workload supported by OSD funds (i.e. Relocation, Transition, Family Advocacy). These are documented separately.

- A. The number of single transactions which take approximately 10-15 minutes or less.
- B. Cases (assessment/case management/counseling) which take longer than 10-15 minutes (each session is counted as one).
- C. Number of people involved in command consultation (briefings, meetings, unit visits).
- D1. Number of classes

D2. Number of participants in classes.

Narrative: Explain changes between current year and budget year. Identify price and program growth between each year.

IV. FAMILY ADVOCACY PROGRAM

A. CORE FAMILY ADVOCACY PROGRAM (Prevention, Direct Services, Training, Evaluation and Administration)

A.1. Prevention Services

Appropriation (Identify costs by appropriation and total)

Personnel

Military (E/S)

Civilian FTEs

Contract Employees FTEs

Workload

Number Served (Actual population contacts)

Workload per Prevention Services Provider (Number Served divided by the Number (FTE) of Prevention Services Providers)

A.2 Direct Services Appropriation (Identify costs by appropriation and total)

Personnel

Military (E/S)

Civilian FTEs

Contract Employees FTEs

Workload

Number Served (Actual population contacts)

Workload per Direct Services Staff

A.3. Training, Evaluation, and Administration

Appropriation (Identify costs by appropriation and total)

Personnel

Military (E/S)

Civilian FTEs

Contract Employees FTEs

B. NEW PARENT SUPPORT

Appropriation (Identify costs by appropriation and total)

Personnel

Military E/S

Civilian FTEs

Contract Employees FTEs

Workload

Number Served

C. YOUTH AT RISK

Appropriation (Identify costs by appropriation and total)

Personnel

Military E/S

Civilian FTEs

Contract Employees FTEs

Workload

Youth Served

TOTAL FAMILY ADVOCACY PROGRAM

Appropriation (by appropriation and total)

Personnel

Military E/S

Civilian FTEs

Contract Employees FTEs

Narrative: Explain changes between current year and budget year. Identify price and program growth between each year.

DoD Aeronautics Budget (Name of DoD Component)

(\$ Millions)

Appropriation Summary:

Research Development,
Test & Evaluation

Program Data

Program:

Title

Program

Element

FY 19PY-2
Actual

FY 19PY-1
Actual

FY 19PY
Actual

FY 19CY
Estimate

FY 19BY1
Estimate

FY 19BY2
Estimate

FY 19PY-2
Actual

FY 19PY-1
Actual

FY 19PY
Actual

FY 19CY
Estimate

FY 19BY1
Estimate

FY 19BY2
Estimate

Instructions
Exhibit PB-52A DoD Aeronautics Budget

1. Purpose. This exhibit identifies research and development funding for Aeronautics programs. The data are used to prepare the overall DoD input into the annual President's Aeronautics and Space Report which is prepared by the Office of Management and Budget (OMB). A copy of the final report is available for information in the OUSD(Comptroller) Investment Directorate.

2. Submission.

a. Exhibit PB-52A should separately identify all RDT&E program elements providing funds in support of the development of systems, subsystems and components used in rotary and fixed wing aircraft.

b. Data are to be provided in millions of dollars, using 3 decimal points.

c. Submission of the required exhibit will be made in hard paper copy and in a DOS/Excel format. [Floppy disk: 360K, 5 1/4"; or 1.44MB, 3 1/2"].

d. The submission of the completed exhibits to the OUSD(Comptroller) is due no later than 15 working days after transmission of the President's budget to the Congress.

3. Entries.

Exhibit PB-52A (Aeronautics Programs)

a. Program Title. Insert the official program title as reflected in the R-1 budget exhibit.

b. Program Element Number. Insert the official 8-digit program element designator as reflected in the R-1 budget exhibit.

c. Budget Estimate. The completed exhibits are to reflect the estimated cost, as funded in the Future Year Defense Program (FYDP), by fiscal year for the period FY 19PY-2 through FY 19BY2 (the three prior years, the current year and the budget years). All amounts should be in then years (TY)

DoD Space Budget
(Name of DoD Component)

Appropriation Summary:

(List by appropriation)

<u>FY 19PY-2</u>	<u>FY 19PY-1</u>	<u>FY 19PY</u>	<u>FY 19CY</u>	<u>FY 19BY1</u>	<u>FY 19BY2</u>
<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>

Program Data

Program:

Program Element

FY 19PY-2

FY 19PY-1

FY 19PY

FY 19CY

FY 19BY1

FY 19BY2

Title

Actual

Actual

Actual

Estimate

Estimate

Estimate

Instructions for Preparation of Exhibit PB-52B
DoD Space Budget

1. **Purpose.** This exhibit identifies all funding for Space programs. The data will be used to prepare an exhibit which reflects total DoD funding for Space Programs. The data from the DoD exhibit is used to support a myriad of Space Budget Justification requirements including Congressional Space Budget Justification and the DoD input into the President's Aeronautics and Space Report which is prepared by the Office of Management and Budget (OMB). The data are also used to support congressional hearings on space programs and to fulfill other various information requests regarding space-related funding.

2. **Submission.**

a. Exhibit PB-52B is required to identify funding in all DoD appropriations directly or indirectly related to space based systems.

b. The data are to be provided in millions of dollars, using 3 decimal points.

c. Submission of the required exhibit will be made in hard paper copy and in a DOS/Excel format. [Floppy disk: 360K, 5 1/4"; or 1.44MB, 3 1/2"].

d. The submission of the completed exhibit to the OUSD(Comptroller) is due no later than fifteen (15) working days after transmission of the President's Budget to the Congress.

3. **Entries.**

Exhibit PB-52B

a. **Program Title.** Insert the official program title as reflected in the P-1, R-1, C-1, Military Personnel, and Operation & Maintenance budget justification exhibits.

b. **Program Element Number.** Insert the official 8-digit program element number related to the program/activity.

c. **Appropriation.** Insert the funding appropriation of the program/activity entry. Below are the valid appropriations for this exhibit:

<u>Air Force</u>	<u>Navy</u>	<u>Army</u>	<u>Defense Agencies</u>
APAF	SCN	APA	PDA
WPAF	APN	MPA	NG&RE
OPAF	WPN	PW&TCV	DPA
RDT&E,AF	OPN	OPA	RDT&E,DA
O&M,AF	PMC	RDT&E,A	O&M,DA
MILPER,AF	RDT&E,N	O&M,A	MILPERS,DA
MILCON,AF	O&M,N	MILPERS,A	MILCON,DA
	MILPER,N	MILCON,A	
	MILCON,N		

e. **Factor.** If the funding for a Space related activity is only a fraction on the total in a given program element, identify the percent of the total program relating to Space activity. (Example: in most cases the proper response is 100%, however if only half the funds budgeted in a given budget line is related to space, enter 50%).

f. **Category.** Categorize the line entries by the following Space activity:

Navigation consists primarily of programs related to Space based navigation and positioning systems. This category would include funding for development, procurement, operations and use of TRANSIT and NAVSTAR/GPS satellite: satellite ground control costs to include operations and maintenance; costs of contractor technical and engineering support; Federal civilian and Milpers costs; construction of peculiar system support facilities and equipment; development and procurement of user terminals; development, procurement and installation of antennas and command and control hardware and software.

Communication includes programs related to providing a satellite communications service. This category would include funding for satellite development and procurement and operation of MILSTAR, DSCS, FLTSATCOM, UHF Follow-on, etc.; satellite ground control costs to include operations and maintenance; costs of contractor technical and engineering support; Federal civilian and Milpers costs; construction of peculiar system support facilities and equipment; development and procurement of user terminals; development, procurement and installation of antennas and command and control hardware and software.

Mapping includes programs related efforts to obtain more accurate data for geographic maps and charts and provide geophysical information to strategic and tactical weapon systems. This category would include funding for system to identify size, shape, and gravity field of the earth. This category would include funding for satellite development and procurement; satellite ground control costs to include operations and maintenance; costs of contractor technical and engineering support; Federal civilian and Milpers costs; construction of peculiar system support facilities and equipment; development and procurement of user terminals; development, procurement and installation of antennas and command and control hardware and software.

Meteorology consists of programs that supply timely weather information such as the DMSP satellite. Would include procurement and development of satellites; satellite ground control costs to include operations, and maintenance; costs of contractor technical and engineering support; Federal civilian and Milpers costs; construction of dedicated system support facilities; development and procurement of user terminals; development, procurement and installation of antennas and command and control hardware and software.

Launch Vehicles includes the cost of developing and procuring expendable launch vehicles; costs of DoD use of the NASA Space Shuttle vehicle. This category would include the cost of Titan IV, Atlas II, Delta II, the National Launch System, Pegasus and other space launch vehicles.

Surveillance includes those costs related to providing detection of land, sea and air surveillance. Would include costs of DSP, Brilliant Eyes, Improved Space Based TW/AA satellite, ALARM and other strategic and tactical satellite procurement and development programs; satellite ground control costs to include operations and maintenance; costs of contractor technical and engineering support; Federal civilian and Milpers costs; construction of peculiar system support facilities; development and procurement of user terminals; development, procurement and installation of antennas and command and control hardware and software.

Intelligence includes those costs relating to providing space based intelligence service. This category would include cost of user systems procurement and development; command & control costs to include operations and maintenance costs; costs of contractor technical and engineering support; Federal civilian and Milpers costs; construction of peculiar system support facilities; development and procurement of user terminals; development, procurement and installation of antennas and associated hardware and software. Note: the completed exhibit should not exceed a SECRET clearance level.

Missile Defense includes those costs relating to providing a defense from strategic and tactical ballistic missiles. This would include cost of developing and procuring space based interceptor such as Brilliant Pebbles and space based kinetic and directed energy weapons. This would also include: cost of technical and engineering studies and architecture development; cost of ground control to include operations and maintenance; costs of contractor technical and engineering support; Federal civilian and Milpers costs; construction of peculiar system support facilities; development and procurement of terminals; development, procurement and installation of antennas and command and control hardware and software.

General Support includes various functions such as costs for support the deployment and sustainment of space based systems. This category would include operations and maintenance cost of space launch facilities and infrastructure; the cost of maintaining and operating the west and east coast ranges. This would include the cost of contractor technical and engineering support; Federal civilian and Milpers costs; construction of facilities; development and procurement of terminals; development, procurement and installation of antennas and command and control hardware and software.

Supporting RDT&E includes those costs relating to space systems technology not directly associated with a particular spacecraft or vehicle. This would include the development of common components; developing generic technologies for space based components and launch vehicles; Technological Base development; and the cost of space test programs.

g. Budget Estimate. Insert in millions (3 decimals) the approved funding for the three prior budget years, current year, the budget years, and four outyears. All amounts should be in then years (TY).

DEPARTMENT OF _____

FY 19BY1/FY 19BY2 PRESIDENT'S BUDGET

BUDGETED MILITARY AND CIVILIAN PAY RAISE AMOUNTS (\$ IN THOUSANDS)

FY 19BY2

FY 19BY1

FY 19CY

MILITARY PERSONNEL

Military Personnel, Army, Navy, MC, Air Force

CY (Specify date and percentage of pay raise)
 BY1 (Specify date and percentage of pay raise)
 BY2 (Specify date and percentage of pay raise)
 Total

Reserve Personnel, Army, Navy, MC, Air Force

CY (Specify date and percentage of pay raise)
 BY1 (Specify date and percentage of pay raise)
 BY2 (Specify date and percentage of pay raise)
 Total

National Guard Personnel, Army, Air Force

CY (Specify date and percentage of pay raise)
 BY1 (Specify date and percentage of pay raise)
 BY2 (Specify date and percentage of pay raise)
 Total

TOTAL MILITARY PERSONNEL

CIVILIAN PERSONNEL

Operations and Maintenance, Army, Navy, MC, Air Force Defense Agencies

Classified

CY (Specify date and percentage of pay raise)
 BY1 (Specify date and percentage of pay raise)
 BY2 (Specify date and percentage of pay raise)
 Total

Wage Board

CY (Specify date and percentage of pay raise)
 BY1 (Specify date and percentage of pay raise)
 BY2 (Specify date and percentage of pay raise)
 Total

Foreign National

CY

BY1

BY2

Total

Total Operation and Maintenance

Research, Development, Test, and Evaluation (RDT&E), Defense Business Operations Fund, Family Housing, etc.

TOTAL CIVILIAN PERSONNEL

Exhibit PB-53 Budgeted Military and Civilian Pay Raise Amounts

OVERSEAS MILITARY BANKING PROGRAM (OMBP)

MILITARY DEPARTMENT BUDGET ESTIMATE

(Dollars in Millions)			
ELEMENT	FY 19PY	FY 19CY	FY 19BY1
INCOME			FY 19BY2
• Interest Income			
• Less Interest Expense			
• Net Interest Income			
• F/X Earnings			
• Account Charges			
• Other Income			
TOTAL NET INCOME			
OPERATING EXPENSES			
• Staff Expenses			
• Salaries and Wages			
• Employment Expenses			
• Severance Payments			
• Other			
• Equipment Expenses			
• Purchases Under \$25,000 Unit Price			
• Purchases Over \$25,000 Unit Price			
• Rental/Maintenance			
• Premise Expenses			
• Other Operating Expenses			
• Loss & Damage (Bad Debt Expenses)			
• Administrative Expenses			
• Direct			
• Indirect Allocation for Mil Bkng Admin, Home/District Office and DP)			
• Transition Costs (As Appropriate)			
TOTAL OPERATING EXPENSES			
NET OPERATING COST [Total Net Income Minus Total Operating Expenses]			
MANAGEMENT FEE			
PERFORMANCE/INCENTIVE FEE			
TOTAL OMBP COSTS			

Exhibit OMBP-01 Overseas Military Banking Program

OVERSEAS MILITARY BANKING PROGRAM (OMBP)
MILITARY DEPARTMENT BUDGET ESTIMATE

<u>ELEMENT</u>	<u>FY 19PY</u>	<u>FY 19CY</u>	<u>FY 19BY1</u>	<u>FY 19BY2</u>
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FUNDING PROFILE (Dollars in Millions)

- Operation and Maintenance
- Procurement
- Other (Specify)

NUMBER OF OVERSEAS MILITARY BANKING FACILITIES

- Full-Time Military Banking Facilities (MBFs)
- Part-Time Military Banking Facilities (MBFs)
- Pay Day Service Facilities
- Automated Teller Machines (ATMs)

OTHER

- Full Time Equivalents (FTEs)

Exhibit OMBP-01 Overseas Military Banking Program